



INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
4800 MARK CENTER DRIVE
ALEXANDRIA, VIRGINIA 22350-1500

AUG 17 2015

Ref: FOIA-2015-00333
FBI FOI/PA# 1275572-000

Mr. Kevin Savetz

[REDACTED]

Dear Mr. Savetz:

This is in response to your January 28, 2015, Freedom of Information Act (FOIA) request to the Federal Bureau of Investigation (FBI) for "*a search of direct and indirect FBI references of Texas Instruments from the founding company 1951 to 2000.*" The FBI located the enclosed responsive documents and forwarded them to our office for our action and direct response to you. We received the referral on January 30, 2015, and assigned it case number FOIA-2015-00333.

The FBI reviewed the records and determined the whited out information is exempt from release pursuant to 5 U.S.C. § 552(b)(6), which pertains to information, the release of which would constitute a clearly unwarranted invasion of personal privacy; and 5 U.S.C. § 552(b)(7)(C), which pertains to records or information compiled for law enforcement purposes, the release of which could reasonably be expected to constitute an unwarranted invasion of personal privacy. I also reviewed the documents and determined the information redacted in black is also exempt from release pursuant to 5 U.S.C. § 552(b)(6) and 5 U.S.C. § 552(b)(7)(C).

If you are not satisfied with this action, you may submit an administrative appeal to the Department of Defense, Office of Inspector General, ATTN: FOIA Appellate Authority, Suite 17F18, 4800 Mark Center Drive, Alexandria, VA 22350-1500. Your appeal should be postmarked within 30 days of the date of this letter, should cite to case number FOIA-2015-00333, and should be clearly marked "Freedom of Information Act Appeal."

Sincerely,

Jeanne Miller
Division Chief, Freedom of Information and
Privacy Office

Enclosure(s):
As stated



DEPARTMENT OF DEFENSE INSPECTOR GENERAL
OFFICE OF ASSISTANT INSPECTOR GENERAL FOR INVESTIGATIONS
DEFENSE CRIMINAL INVESTIGATIVE SERVICE

DALLAS FIELD OFFICE
POST OFFICE BOX 6689
FORT WORTH, TEXAS 76115-0689

DCIS CASE ACTION

CONTROL : 8910023R-13-OCT-88-30DA-E8P DATE: December 9, 1988

(b) (6), (b) (7)(C) SSN: (b) (6), (b) (7)(C)

TITLE : Birth: [REDACTED] POB: UNK

Employment: Texas Instruments, Inc. (Previously).
Dallas, Texas

REPORT BY: (b) (6), (b) (7)(C)

Phone: (817) 334- [REDACTED] (b) (6), (b) (7)

MADE AT : Fort Worth, TX

STATUS : Pending

PURPOSE : Status Report

DETAILS :

Investigative activity occurring during this reporting period consisted of a review of records obtained from a California Grand Jury investigation of (b) (6), (b) (7)(C). These records were transferred to the Northern Judicial District of Texas where venue lies. A meeting was held with Assistant United States Attorney Ronald C. H. Eddins; (b) (6), (b) (7)(C)

(b) (6), (b) (7)(C) | Federal Bureau of b6 per FBI
Investigation Special Agent; and reporting agent. Preparations b7c
were made for a trip to Phoenix, Arizona, and Los Angeles,
California, to interview potential subjects and witnesses of this
investigation. Eddins approved the use of Federal Grand Jury
Subpoenas for obtaining records from witnesses and businesses
operated by the subjects.

THE INFORMATION REPORTED HEREIN SHOULD NOT BE DISSEMINATED
OUTSIDE DEFENSE CRIMINAL INVESTIGATIVE SERVICE EXCEPT TO AGENCIES
ON DISTRIBUTION DUE TO SENSITIVE ONGOING INVESTIGATIONS.

(b) (6), (b) (7)(C)

MANUAL INDICES CHECKE (b) (6), (b) (7)(C)
AUTOMATED INDICES CHEC [REDACTED]

DISTR: 0003/FBI Dallas/IRS Fort Worth

APPR: [REDACTED]

(b) (6), (b) (7)(C)

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MEMORANDUM OF CONTACT

IN RE:

(b) (6), (b) (7)(C)
C75880141H

DATE:

December 3, 1988

TIME:

12:15 P.M. - 12:30 P.M.

PLACE:

(b) (6), (b) (7)(C)

PERSONS PRESENT:

FBI Special Agent

b6 per FBI
b7C

(b) (6), (b) (7)(C)

1. Agents (b) (6), (b) (7)(C) met at the law office of [REDACTED] at 12:15 p.m. on December 3, 1988, as previously arranged. Each person identified themselves and the agents presented their credentials for inspection. (b) (6), (b) (7)(C)
2. The agents served the grand jury subpoena for CSI, INC. records to (b) (6), (b) (7)(C) and after (b) (6), (b) (7)(C) and (b) (6), (b) (7)(C) indicated that they had reviewed the subpoena, (b) (6), (b) (7)(C). E indicated that they had provided these records previously to the investigation in California and that it would take several weeks to get the records together again. The agents explained that this is a grand jury investigation involving (b) (6), (b) (7)(C) and (b) (6), (b) (7)(C) and they were assisting the U. S. Attorney's Office in this investigation. They explained that Assistant U. S. Attorney RONALD EDDINS in Fort Worth, Texas was handling this investigation. The records obtained in the California investigation were being transferred to Texas and they should be receiving a letter explaining the transfer of any records provided previously. (b) (6), (b) (7)(C)
3. The agents explained the possible violations of kickbacks, conspiracy, and income tax violations. Attorney (b) (6), (b) (7)(C) asked if (b) (6), (b) (7)(C) was a target of the grand jury investigation and the agents explained that at this point in time the agents were gathering facts and it would later be determined, based on the facts obtained through the investigation, who would be recommended for prosecution and who would be witnesses. (b) (6), (b) (7)(C)
4. (b) (6), (b) (7)(C) stated they will comply with the subpoena and, to the extent possible, will cooperate. (b) (6), (b) (7)(C) stated he wanted to talk to the Assistant U. S. Attorney, RON EDDINS, before permitting his client to talk to us. (b) (6), (b) (7)(C)

IN A RE:

(b) (6), (b) (7)(C)

C75880141H

5. (b) (6), (b) (7)(C) stated his client, (b) (6), (b) (7)(C) had previously given the Postal Inspector a statement and the agents pointed out that the statement given did not even reflect (b) (6), (b) (7)(C) correct name.
6. (b) (6), (b) (7)(C) allowed (b) (6), (b) (7)(C) to provide the following identifying information.
- a. His full name is (b) (6), (b) (7)(C)
 - b. (b) (6), (b) (7)(C)
 - c. (b) (6), (b) (7)(C)
 - d. (b) (6), (b) (7)(C) social security number is (b) (6), (b) (7)(C)
 - e. (b) (6), (b) (7)(C)
 - f. (b) (6), (b) (7)(C)
 - g. (b) (6), (b) (7)(C)
 - h. NATIONAL PERSONNEL is an association of recruiting firms that (b) (6), (b) (7)(C)
 - i. (b) (6), (b) (7)(C)
 - j. (b) (6), (b) (7)(C)
7. (b) (6), (b) (7)(C) explained to the agents that although (b) (6), (b) (7)(C) had refused to identify himself to (b) (6), (b) (7)(C) earlier in the day, he hoped this would not be construed as failure to cooperate.

IN RE:

(b) (6), (b) (7)(C)

C7588014IR

8. The agents told (b) (6), (b) (7)(C) they would have AUSA - EDDINS contact him at a later date and departed.

(b) (6), (b) (7)(C)

(b) (6), (b) (7)(C)

This memorandum was prepared on December 3, 1988, after refreshing my memory from notes made during the conference.

(b) (6), (b) (7)(C)



DEPARTMENT OF DEFENSE INSPECTOR GENERAL
OFFICE OF ASSISTANT INSPECTOR GENERAL FOR INVESTIGATIONS
DEFENSE CRIMINAL INVESTIGATIVE SERVICE

DALLAS FIELD OFFICE
POST OFFICE BOX 6689
FORT WORTH, TEXAS 76115-0689

DATE REPORT OF INVESTIGATIVE ACTIVITY

CONTROL : 8010000R-13-0CT-36-300A-ESP DATE: December 5, 1993

TITLE : (b) (6), (b) (7)(C) (b) (6), (b) (7)(C)
(b) (6), (b) (7)(C)

Employment: Texas Instruments, Inc.
Dallas, Texas

REPORT BY: (b) (6), (b) (7)(C)
Phone: (b) (6), (b) (7)(C)

MADE AT : Fort Worth, Texas

STATUS : I/A

PURPOSE : Interview of (b) (6), (b) (7)(C)

DETAILS :

Special Agents [REDACTED] Federal Bureau of
Investigation (FBI), (b) (6), (b) (7)(C) [REDACTED]
(b) (6), (b) (7)(C). and the reporting agent, DCIS interviewed [REDACTED] (b) (6), (b) (7)(C)
(b) (6), (b) (7)(C)

(b) (6), (b) (7)(C)
b6 per FBI
b7c

(b)

(b) (6), (b) (7)(C) knew of (b) (6), (b) (7)(C) and that payments were made
to (b) (6), (b) (7)(C) for consulting work which (b) (6), (b) (7)(C) did for (b) (6), (b) (7)(C).
These payments were made while (b) (6), (b) (7)(C) was (b) (6), (b) (7)(C) of Texas Instruments (TI). (b) (6), (b) (7)(C) provided instructions to (b) (6), (b) (7)(C) about the recruiting business which included advice on interviewing techniques, and (b) (6), (b) (7)(C) recommendations for preparation of resume type books for presentations to clients. At times, (b) (6), (b) (7)(C) went on group interviews with (b) (6), (b) (7)(C) which were conducted for (TI). Most of the time (b) (6), (b) (7)(C) accompanied (b) (6), (b) (7)(C) and (b) (6), (b) (7)(C) on these trips. After candidates were identified in certain areas of the country, (b) (6), (b) (7)(C) and (b) (6), (b) (7)(C) would conduct interviews out of a hotel room. It was (b) (6), (b) (7)(C) responsibility to arrange the

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interview schedule and "groom" the candidates by preparing them an hour before [REDACTED] interview. [REDACTED] prepared candidate profiles, which included resumes, per [REDACTED] instructions.

(b) (6), (b) (7)(C)



[REDACTED] (b) (6), (b) (7)(C) instructed [REDACTED] (b) (6), (b) (7)(C) to prepare a book containing results of their applicant searches for each job needed to fill. This book was used to make presentations to [REDACTED] (b) (6), (b) (7)(C) which enabled [REDACTED] (b) (6), (b) (7)(C) to make his job selections for TI. [REDACTED] (b) (6), (b) (7)(C) employees also used this book format to make presentations to other clients. This book format contained evidence of applicant searches and companies which had been canvassed.

During the early 1980's, [REDACTED] (b) (6), (b) (7)(C) met with [REDACTED] (b) (6), (b) (7)(C) approximately once every two months or so at [REDACTED] (b) (6), (b) (7)(O) business. [REDACTED] (b) (6), (b) (7)(C) visits lasted for one or one and one-half days. [REDACTED] (b) (6), (b) (7)(C) consultation work for [REDACTED] (b) (6), (b) (7)(C) company was twofold. [REDACTED] (b) (6), (b) (7)(C) gave advice on how to prepare the books which included interview reports and a summarization of recruiting efforts for specific positions to be filled; and two, [REDACTED] (b) (6), (b) (7)(C) provided tips on interviewing techniques, which included interview questions, a questionnaire outline, and instructions for writing interview reports. [REDACTED] (b) (6), (b) (7)(C) showed the agents a list of questions which [REDACTED] (b) (6), (b) (7)(C) had prepared for the company. The sole purpose of the personnel books, which [REDACTED] (b) (6), (b) (7)(C) had devised, was to aid [REDACTED] (b) (6), (b) (7)(C) in making candidate selections for positions at TI. [REDACTED] (b) (6), (b) (7)(C) stated, that the book forces the employment agency to do a good job in presenting candidates to clients. The instructions [REDACTED] (b) (6), (b) (7)(C) gave [REDACTED] (b) (6), (b) (7)(C) company enabled the company to better screen candidates to get "the cream of the crop" to present to [REDACTED] (b) (6), (b) (7)(C) for his interviews for TI positions. [REDACTED] (b) (6), (b) (7)(C) were using the book format which [REDACTED] (b) (6), (b) (7)(C) had designed at the time [REDACTED] (b) (6), (b) (7)(C) began working for the company in 1982.

It was [REDACTED] (b) (6), (b) (7)(C) responsibility at TI to choose the search firms and set up retainers for job searches for TI positions. [REDACTED] (b) (6), (b) (7)(C) stated that [REDACTED] (b) (6), (b) (7)(C) has given [REDACTED] (b) (6), (b) (7)(C) company a lot of "above and beyond the call of duty information". All of the

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advice, written records, and instructions which (b)(6), (b)(7)(C) provided (b)(6), (b)(7)(C) employees enabled them to provide the information (b)(6), (b)(7)(C) needed, in the format he desired, to make the best TI (b)(6), (b)(7)(C) sections. (b)(6), (b)(7)(C) admitted no other clients had instructed (b)(6), (b)(7)(C) company as to how to do their job, nor did (b)(6), (b)(7)(C) pay money to any other customer. (b)(6), (b)(7)(C) mentioned that (b)(6), (b)(7)(C) was (b)(6), (b)(7)(C)

Since (b)(6), (b)(7)(C) there has been no TI business with (b)(6), (b)(7)(C) company, and likewise (b)(6), (b)(7)(C) has done no consulting work for (b)(6), (b)(7)(C) since that time. Up until that time, (b)(6), (b)(7)(C) estimated that approximately 50 percent of (b)(6), (b)(7)(C) bookings were with TI. (b)(6), (b)(7)(C) company received \$300,000 and \$500,000 from TI business in two separate years, but (b)(6), (b)(7)(C) was unsure of the exact years in which this occurred. (b)(6), (b)(7)(C) stated that the TI retainer rate was the going rate of 30 1/3 percent. In 1982, 1983, and 1984 the rate could have been 30 percent. Sometimes the retainer was negotiated at 25 percent for some companies. (b)(6), (b)(7)(C) negotiated with (b)(6), (b)(7)(C) for the retainer rate. (b)(6), (b)(7)(C) had a retainer from 1982 until (b)(6), (b)(7)(C) left (b)(6), (b)(7)(C)

(b)(6), (b)(7)(C) admitted that when he came to work for (b)(6), (b)(7)(C) he found it to be "unusual" to pay (b)(6), (b)(7)(C) consulting fees in that (b)(6), (b)(7)(C) was a client of (b)(6), (b)(7)(C) company. (b)(6), (b)(7)(C) determined the amount paid to (b)(6), (b)(7)(C) (b)(6), (b)(7)(C) believed a recession caused (b)(6), (b)(7)(C) to loose TI business in 1985. He said (b)(6), (b)(7)(C) had a hiring freeze in 1985. (b)(6), (b)(7)(C) said that (b)(6), (b)(7)(C) was a big influence on (b)(6), (b)(7)(C) "getting money and getting searches". (b)(6), (b)(7)(C) said that (b)(6), (b)(7)(C) in his position with (b)(6), (b)(7)(C) did have the prerogative to select whichever high-tech search firm he wished.

(b)(6), (b)(7)(C) has maintained the books and records for (b)(6), (b)(7)(C) company since at least 1982. (b)(6), (b)(7)(C) works approximately (b)(6), (b)(7)(C) for (b)(6), (b)(7)(C)

telephone is (b)(6), (b)(7)(C) Part of (b)(6), (b)(7)(C) company records are with (b)(6), (b)(7)(C) and some records are locked in file cabinets at (b)(6), (b)(7)(C) business premises. (b)(6), (b)(7)(C) does not sign any of the checks for (b)(6), (b)(7)(C) (b)(6), (b)(7)(C) are the only individuals at this time signing company checks. (b)(6), (b)(7)(C) has signed checks for only the last 2 years. Prior to that, (b)(6), (b)(7)(C) signed company checks.

(b)(6), (b)(7)(C) did not know how the amounts paid to (b)(6), (b)(7)(C) were determined. (b)(6), (b)(7)(C) did state "this is what makes our business run and we wouldn't be successful without his help". (b)(6), (b)(7)(C) said "I

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DATE: December 5, 1922

guess it would be a portion of TI business", regarding the method in which payments were figured for [REDACTED] (b) (6), (b) (7)(C). (b) (6), (b) (7) never saw a written agreement between [REDACTED] (b) (6), (b) (7)(C) and [REDACTED] (b) (6), (b) (7)(C) regarding the consulting business.

(b) (6), (b) (7)(C) with (b) (6), (b) (7)(C) (b) (6), (b) (7)(C)
(b) (6), (b) (7)(C) left the company shortly after
..... lost all the business. This occurred when (b) (6), (b) (7)(C)
(b) (6), (b) (7)(C) (b) (6), (b) (7)(C) understood that (b) (6), (b) (7)(C)
(D) (b), (D) (7)(C) (b) (6), (b) (7)(C)
(b) (6), (b) (7)(C)

of TI's business necessitated a rebuilding of (b) (6), (b) (7)(C)
(b) (6), (b) (7)(C) (b) (6), (b) (7)(C)
(b) (6), (b) (7)(C) Their telephone number is (b) (6), (b) (7)(C)

Recruiters for [REDACTED] (b) (6), (b) (7)(C) who handled the TI account included [REDACTED] (b) (6), (b) (7)(C) doing [REDACTED] research work, and [REDACTED] (b) (6), (b) (7)(C) himself. [REDACTED] (b) (6), (b) (7)(C) who worked [REDACTED] (b) (6), (b) (7)(C) [REDACTED] (b) (6), (b) (7)(C) left [REDACTED] (b) (6), (b) (7)(C) to do recruiting work in [REDACTED] (b) (6), (b) (7)(C)

(b) (6), (b) (7)(C) reviewed a copy of a sworn statement which he had given in February 1985. (b) (6), (b) (7)(C) had asked (b) (6), (b) (7) to prepare this notarized statement because consulting fees were questioned by authorities investigating (b) (6), (b) (7)(C). (b) (6), (b) (7)(C) was of the opinion that it was the Internal Revenue Service investigating (b) (6), (b) (7)(C) at that time.

Approximately two years ago, (C) questioned the (b)(6), (b)(7)(C) and he was told that approximately \$100,000 was paid to (b)(6), (b)(7)(C) said that "it sounds out of proportion if it was just books and consulting". (C) was questioned as to whether he thought there was a conflict of interest with (b)(6), (b)(7)(C) getting money from (b)(6), (b)(7)(C). (b)(6), (b)(7)(C) said that he wondered about this when he first went to work for (b)(6), (b)(7)(C) but it was explained away by (b)(6), (b)(7)(C). Asked whether it took 5 years to develop the book format which (b)(6), (b)(7)(C) had developed for (b)(6), (b)(7)(C) to use, (b)(6), (b)(7)(C) replied "no". (C) was asked whether the money paid to (b)(6), (b)(7)(C) was called consulting fees in order to cover up something illegal, or if it was goodwill. (b)(6), (b)(7)(C) stated that it was probably to get (b)(6), (b)(7)(C) goodwill.

(b) (6), (b) (7) [REDACTED] said there was no written code of conduct for employees of
(C) [REDACTED]
(b) (6), (b) (7)(C) [REDACTED]

TI did not know about money paid to him because it was "a private thing". He did not view this as a payoff; however, he

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CONTROL: 8910023R-13-OCT-88-30DA-E8P DATE: December 5, 1988

said that \$100,000 does seem out of proportion as a payment for only a book and questionnaire. (b) (6), (b) (7)(C) did not believe anyone at TI was aware of (b) (6), (b) (7)(C) getting payments. When confronted with the fact that it would make no difference whether anyone at TI knew about the payments to (b) (6), (b) (7)(C) if everything was in fact on the up and up, (b) (6), (b) (7)(C) said "I didn't want to turn over the rock, the can of worms thing". (b) (6), (b) (7)(C) said this was an area that he (b) (6), (b) (7)(C) stayed away from. (b) (6), (b) (7)(C) said that he chose to believe (b) (6), (b) (7)(C) explanation of the (b) (6), (b) (7)(C) payments. (b) (6), (b) (7)(C) said that all of the work (b) (6), (b) (7)(C) performed was to assist (b) (6), (b) (7)(C) in preparing resumes and presentations in the book format which (b) (6), (b) (7)(C) preferred and which in turn enabled (b) (6), (b) (7)(C) to better perform his job with TI. (b) (6), (b) (7)(C) said that (b) (6), (b) (7)(C) was "grooming us" by telling (b) (6), (b) (7)(C) what he wanted them to do in order to get the best candidate for TI. (b) (6), (b) (7)(C) never mentioned to (b) (6), (b) (7)(C) any other areas in which (b) (6), (b) (7)(C) might have done work for the company. (b) (6), (b) (7)(C) had a big influence on (b) (6), (b) (7)(C) company getting search business from TI. (b) (6), (b) (7)(C) mentioned that (b) (6), (b) (7)(C) had told him that (b) (6), (b) (7)(C) would not be successful without (b) (6), (b) (7)(C) help. When (b) (6), (b) (7)(C) was asked whether the payments to (b) (6), (b) (7)(C) were for consulting services or TI business, (b) (6), (b) (7)(C) replied that he was uncomfortable and he did not have all the information. When asked if (b) (6), (b) (7)(C) thought it was worth \$100,000, he said "no".

During the interview, (b) (6), (b) (7)(C) received a telephone call from (b) (6), (b) (7)(C) agreed to meet with the agents December 6, 1988, at his office in (b) (6), (b) (7)(C).

(b) (6), (b) (7)(C) described (b) (6), (b) (7)(C) as a (b) (6), (b) (7)(C) for (b) (6), (b) (7)(C) at TI, Dallas, Texas.

(b) (6), (b) (7)(C) was informed that this is a Grand Jury investigation of (b) (6), (b) (7)(C) and he was asked not to discuss his statements made today with (b) (6), (b) (7)(C) and other business associates. (b) (6), (b) (7)(C) agreed.

Background information on (b) (6), (b) (7)(C) included:

Date of Birth: (b) (6), (b) (7)(C)
 Drivers License Number:
 Social Security Number:
 Residence:

Home Phone:

(b) (6), (b) (7)(C)

APPR: (b) (6), (b) (7)(C)

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MEMORANDUM OF INTERVIEW

IN RE:

(b) (6), (b) (7)
(C)

C75880141H

DATE:

December 5, 1988

TIME:

4:35 P.M. - 5:01 P.M.

PLACE:

(b) (6), (b) (7)(C)

PERSONS PRESENT:

(b) (6), (b) (7)(C)

FBI Special Agent

(b) (6), (b) (7)(C)

b6 per FBI
b7C

The agents identified themselves and presented their authorized credentials for (b) (6), (b) (7)(C) inspection. (b) (6), (b) (7)(C) provided the following information to questions asked by the agents.

1. (b) (6), (b) (7)(C)

(b) (6), (b) (7)(C)

2. (b) (6), (b) (7)(C)

3. (b) (6), (b) (7)(C) worked for (b) (6), (b) (7)(C) and began full time work at (b) (6), (b) (7)(C) in (b) (6), (b) (7)(C). In 1982 she was a (b) (6), (b) (7)(C) (b) (6), (b) (7)(C) and in early (b) (6), (b) (7)(C) became a (b) (6), (b) (7)(C) or at (b) (6), (b) (7)(C)

4. (b) (6), (b) (7)(C)

5. (b) (6), (b) (7)(C)

6. (b) (6), (b) (7)(C)

(b) (6), (b) (7)(C)

206 A-276-13X/

SEARCHED (b) (6), (b) (7)(C) INDEXED (b) (6),
SERIALIZED (b) (7)(C) FILED (b) (7)(C)

MAR 13 1989

FBI - DALLAS

(b) (6), (b) (7)(C)

IN RE: ROBERT Y. HENSLEE
C7588014H

- 7 . [REDACTED]

8 . (b) (6), (b) (7)(C)

9 . [REDACTED]

10 . (b) (6), (b) (7)(C)

11 . [REDACTED]

12 . [REDACTED]

13 . (b) (6), (b) (7)(C) did not feel that the fact [REDACTED] knew [REDACTED] (b) (6), (b) (7)(C) nor did she feel
(b) (6), (b) (7)(C) [REDACTED] would jeopardize her job at [REDACTED] (b) (6), (b) (7)(C)

14 . The Texas Instruments (TI) searches were pretty spread out among the recruiters at [REDACTED] (b) (6), (b) (7)(C) also did some of the TI searches.

15 . (b) (6), (b) (7)(C) [REDACTED] for becoming a [REDACTED] (b) (6), (b) (7)(C) from [REDACTED] (b) (6), (b) (7)(C)
(b) (6), (b) (7)(C) and other senior [REDACTED] (b) (6), (b) (7)(C) There was no formal training program at [REDACTED] (b) (6), (b) (7)(C) she learned the [REDACTED] (b) (6), (b) (7)(C) techniques from [REDACTED] (b) (6), (b) (7)(C)

16 . [REDACTED]

IN RE: ROBERT Y. HENSLEE
C75880141H

17. When (b) (6), (b) (7)(C) was involved with TI searches where multiple interviews were done, (b) (6), (b) (7)(C) of TI would participate in the coordinating activity on behalf of TI. Other clients also attended multiple interview sessions. (b) (6), (b) (7)(C) never attended these sessions by herself, there was always a senior recruiter from (b) (6), (b) (7)(C) present with her.

(b) (6), (b) (7)(C)



This memorandum was prepared by me on December 5, 1988, after refreshing my memory from notes taken during the interview.

(b) (6), (b) (7)(C)





DEPARTMENT OF DEFENSE INSPECTOR GENERAL
OFFICE OF ASSISTANT INSPECTOR GENERAL FOR INVESTIGATIONS
DEFENSE CRIMINAL INVESTIGATIVE SERVICE

DALLAS FIELD OFFICE
POST OFFICE BOX 6689
FORT WORTH, TEXAS 76115-0689

DCIS REPORT OF INVESTIGATIVE ACTIVITY

CONTROL : 8910023R-13-OCT-88-30DA-E8P DATE: December 6, 1988

TITLE : [REDACTED] (b) (6), (b) (7)(C)

Employment: Texas Instruments (Previously)
Dallas, Texas

REPORT BY: [REDACTED] (b) (6), (b) (7)(C)
Phone: [REDACTED]

MADE AT : Fort Worth, Texas

STATUS : N/A

PURPOSE : Interview of [REDACTED] (b) (6), (b) (7)(C)

DETAILS :

(b) (6), (b) (7)(C) [REDACTED] Federal Bureau of
Investigation (FBI); [REDACTED] (b) (6), (b) (7)(C) at the
Internal Revenue Service Criminal Investigation Division office
at 6230 Van Nuys Blvd., Room 2N34, Van Nuys, California.
Background information obtained from [REDACTED] (b) (6), (b) (7)(C) included the
following:

70
(b) (6), (b) (7)(C)

b6 per FBI
b7C

Home Address: [REDACTED] (b) (6), (b) (7)(C)

Telephone: [REDACTED]

Social Security Number: [REDACTED] (b) (6), (b) (7)(C)

Date of Birth: [REDACTED] (b) (6), (b) (7)(C)

Northern California Residence: [REDACTED] (b) (6), (b) (7)(C)

Northern California Telephone: [REDACTED]

California Drivers License: [REDACTED] (b) (6), (b) (7)(C)

Physical Description: [REDACTED] (b) (6), (b) (7)(C)

Spouse: [REDACTED] (b) (6), (b) (7)(C)

(b) (6), (b) (7)(C)

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CONTROL : 8910023R-13-OCT-88-30DA-ESP DATE: December 5, 1988

(b) (6), (b) (7)(C) [REDACTED] and in May 1985 the
company became known as (b) (6), (b) (7)(C) [REDACTED] when (b) (6), (b) (7)(C)
became an officer. (Each of these company names will be referred
to as (b) (6), (b) (7)(C) [REDACTED] in this report.)

When the company was incorporated in 1979, (b) (6), (b) (7)(C)
percent of the stock ownership, (b) (6), (b) (7)(C) [REDACTED]
(b) (6), (b) (7)(C) and (b) (6), (b) (7)(C) [REDACTED]
When (b) (6), (b) (7)(C) left the company he gave his (b) (6), (b) (7)(C)
(b) (6), (b) (7)(C) thus (b) (6), (b) (7)(C) [REDACTED]
percent. In May 1985 (b) (6), (b) (7)(C) [REDACTED] com
him when he left the company, thus making (b) (6), (b) (7)(C) [REDACTED]
(b) (6), (b) (7)(C) [REDACTED] satellite office was opened in Northern
California two years ago in approximately, June 1986.

(b) (6), (b) (7)(C) other businesses include the following companies.
(b) (6), (b) (7)(C) [REDACTED]

years ago. (b) (6), (b) (7)(C) has never used any other names.

The books and records of (b) (6), (b) (7)(C)
located at the office of (b) (6), (b) (7)(C) [REDACTED] are primarily
(b) (6), (b) (7)(C) (b) (6), (b) (7)(C) a
(b) (6), (b) (7)(C) (b) (6), (b) (7)(C) telephone is (b) (6), (b) (7)(C) [REDACTED] (b) (6), (b) (7)(C)
has done books and records for all of (b) (6), (b) (7)(C) [REDACTED] businesses as
well as (b) (6), (b) (7)(C) [REDACTED] and business tax returns.

(b) (6), (b) (7)(C) has known (b) (6), (b) (7)(C) since January 1988, and
they have maintained an ongoing relationship. (b) (6), (b) (7)(C) was
(b) (6), (b) (7)(C)

recommended that (b) (6), (b) (7)(C) meet (b) (6), (b) (7)(C). (b) (6), (b) (7)(C) provided
"direct help breaking down various industries" in the early
1980's. (b) (6), (b) (7)(C) helped develop methods for the interview reports
and consulting relationships. (b) (6), (b) (7)(C) developed the methodology
for preparing books which made an impressive presentation of job
applicants to clients, including (b) (6), (b) (7)(C) (b) (6), (b) (7)(C) paid fees of
\$6,000 per month for five or six months in 1984 to (b) (6), (b) (7)(C).
(b) (6), (b) (7)(C) residence telephone is (b) (6), (b) (7)(C) paid
(b) (6), (b) (7)(C) to do technical interfacing with the group at Texas
Instruments (TI). (b) (6), (b) (7)(C) was not employed by TI. (b) (6), (b) (7)(C) helped
with the TI searches in July, 1984.

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CONTROL: 2910023R-13-OCT-88-30DA-ESP DATE: December 6, 1982

(b) (6), (b) (7)(C) is the (b) (6), (b) (7)(C) who (b) (6), (b) (7)(C) has ... paid for consultation work. (b) (6), (b) (7)(C) began paying (b) (6), (b) (7)(C) payments in early 1979 or 1980. About that time (b) (6), (b) (7)(C) left (b) (6), (b) (7)(C) company because he did not like the fact that (b) (6), (b) (7)(C) went on a retainer basis with clients.

(b) (6), (b) (7)(C) identified his signature on photocopies of checks for payments to (b) (6), (b) (7)(C) (b) (6), (b) (7)(C) stated these checks were mailed to (b) (6), (b) (7)(C) post office box and he (b) (6), (b) (7)(C) had never tried to issue these checks. (b) (6), (b) (7)(C) was unable to identify whose idea it had been to pay (b) (6), (b) (7)(C). After TI became aware that (b) (6), (b) (7)(C) had made payments to (b) (6), (b) (7)(C) with TI, last name (b) (6), (b) (7)(C) told (b) (6), (b) (7)(C) that there was a conflict of interest for (b) (6), (b) (7)(C) company to make payments to (b) (6), (b) (7)(C) was told that making these payments was considered to be illegal and unethical. (b) (6), (b) (7)(C) stated that he never considered the payments to be illegal or unethical, although he had never discussed the payments with any TI employees. (b) (6), (b) (7)(C) also worked with other TI personnel in Houston, Lubbock, and other areas. (b) (6), (b) (7)(C) submitted a bill each month to (b) (6), (b) (7)(C) and this was the amount paid (b) (6), (b) (7)(C). An Internal Revenue Service Form 1099 was sent to (b) (6), (b) (7)(C) each year per (b) (6), (b) (7)(C) advice. (b) (6), (b) (7)(C) company did deduct as a business expense the amounts on the Forms 1099.

Since TI's discovery of (b) (6), (b) (7)(C) payments to (b) (6), (b) (7)(C) in 1985, (b) (6), (b) (7)(C) has (b) (6), (b) (7)(C) (b) (6), (b) (7)(C) have had no business with TI since (b) (6), (b) (7)(C) left TI. (b) (6), (b) (7)(C) explained that 1984 was a big year in the electronics industry, but the industry went "down the tubes" in 1985, and (b) (6), (b) (7)(C) company lost all business with TI. (b) (6), (b) (7)(C) has done business with (b) (6), (b) (7)(C) in his capacity with TI since the 1970's.

(b) (6), (b) (7)(C) said that he had made two mistakes. One mistake was not paying the \$50,000 (b) (6), (b) (7)(C) demanded when (b) (6), (b) (7)(C) and the second mistake was paying (b) (6), (b) (7)(C) money. (b) (6), (b) (7)(C) was asked if the payments to (b) (6), (b) (7)(C) were called consultant fees in order to cover up something illegal or to gain (b) (6), (b) (7)(C) goodwill. (b) (6), (b) (7)(C) replied that the payments were made to get (b) (6), (b) (7)(C) "attention", to get his knowledge. Everyone at (b) (6), (b) (7)(C) was aware of the payments to (b) (6), (b) (7)(C). (b) (6), (b) (7)(C) said that (b) (6), (b) (7)(C) got "pretty special attention from (b) (6), (b) (7)(C)". (b) (6), (b) (7)(C) said "I see what this looks like, or I wouldn't be here". (b) (6), (b) (7)(C) said that he may be dumb, and he may be stupid, but he is not dishonest.

CLASSIFICATION:

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CONTROL: 8910023R-13-OCT-88-30DA-ESP DATE: December 6, 1988

(b) (6), (b) (7)(C) could not give an answer as to how many hours each month (b) (6), (b) (7)(C) had actually devoted to consultations with (b) (6), (b) (7)(C). However, (b) (6), (b) (7)(C) talked to (b) (6), (b) (7)(C) daily. (b) (6), (b) (7)(C) made approximately ten visits each year to (b) (6), (b) (7)(C) office. (b) (6), (b) (7)(C) also used other firms to do search work.

(b) (6), (b) (7)(C)

(b) (6), (b) (7)(C)

Texas.

(b) (6), (b) (7)(C) estimated the percentage of (b) (6), (b) (7)(C) business devoted to TI work as somewhere between 0 and 40 percent in 1982 and 1983, and approximately 70 percent in 1984. (b) (6), (b) (7)(C) representing (b) (6), (b) (7)(C) biggest year. On one occasion (b) (6), (b) (7)(C) turned down business with TI when he was approached by (b) (6), (b) (7)(C) of TI. (b) (6), (b) (7)(C) had asked (b) (6), (b) (7)(C) to get a search firm to entice (b) (6), (b) (7)(C) with TI, away from TI. This occurred between 1982 and 1984. (b) (6), (b) (7)(C) said this wasn't clean business and he refused to comply.

(b) (6), (b) (7)(C) said that (b) (6), (b) (7)(C) holds (b) (6), (b) (7)(C) responsible for a lot of this. (b) (6), (b) (7)(C) told (b) (6), (b) (7)(C) that he (b) (6), (b) (7)(C) was not consulting with anyone else and (b) (6), (b) (7)(C) felt that it was an "exclusive" relationship between (b) (6), (b) (7)(C) and (b) (6), (b) (7)(C) company. (b) (6), (b) (7)(C) thought that he was getting special attention from (b) (6), (b) (7)(C). (b) (6), (b) (7)(C) said that if it was not for (b) (6), (b) (7)(C) his company, (b) (6), (b) (7)(C) would be out of business. (b) (6), (b) (7)(C) said that (b) (6), (b) (7)(C) E thought "I help him and he pays me a little side business". (b) (6), (b) (7)(C) was irritated that (b) (6), (b) (7)(C) had lied to him. (b) (6), (b) (7)(C) had led (b) (6), (b) (7)(C) to believe that (b) (6), (b) (7)(C) company was the only firm (b) (6), (b) (7)(C) did consulting work for, when in fact, (b) (6), (b) (7)(C) did consulting work for (b) (6), (b) (7)(C) in Phoenix, Arizona, and a group in New York. (b) (6), (b) (7)(C) said that (b) (6), (b) (7)(C) never indicated that he (b) (6), (b) (7)(C) had an arrangement with anyone else.

(b) (6), (b) (7)(C) charged each client the "going rate", including TI. Everyone at (b) (6), (b) (7)(C) knew of (b) (6), (b) (7)(C) special relationship with (b) (6), (b) (7)(C). (b) (6), (b) (7)(C) said that it was his sole decision to pay (b) (6), (b) (7)(C). (b) (6), (b) (7)(C) said that he saw what this looks like, but he explained that (b) (6), (b) (7)(C) was capable and had knowledge and he did not mind paying (b) (6), (b) (7)(C) for this knowledge. (b) (6), (b) (7)(C) said no payments were made after (b) (6), (b) (7)(C) left TI because (1) (b) (6), (b) (7)(C) lost all TI business, (2) two of (b) (6), (b) (7)(C) employees walked out, and (3) there was a major recession. When asked about buyers receiving kickbacks, (b) (6), (b) (7)(C) said that he has read more about it since this investigation started. He denied kicking back money to (b) (6), (b) (7)(C) for TI business.

Based on the work product which (b) (6), (b) (7)(C) provided (b) (6), (b) (7)(C) company, (b) (6), (b) (7)(C) stated that his company was better able to serve and meet (b) (6), (b) (7)(C) needs in his capacity as TI (b) (6), (b) (7)(C) as well as the needs of their other clients.

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CONTROL: 8910023R-13-OCT-88-30DA-E8P DATE: December 6, 1988

(b) (6), (b) (7)(C) had discussed with (b) (6), (b) (7)(C) the .. payments made to (b) (6), (b) (7)(C) and (b) (6), (b) (7)(C) told (b) (6), (b) (7)(C) that this was for consulting. (b) (6), (b) (7)(C) did not question this. There was no discussion between (b) (6), (b) (7)(C) and (b) (6), (b) (7)(C) about the tax effect of the payments to (b) (6), (b) (7)(C). During the initial stages of the investigation at a meeting between (b) (6), (b) (7)(C) and (b) (6), (b) (7)(C) admitted that he had not reported all the payments from the various sources on his tax return.

(b) (6), (b) (7)(C) said that (b) (6), (b) (7)(C) did not provide consulting services in any area other than the personnel business. saying "that's all he knows".

(b) (6), (b) (7)(C) has spoken with (b) (6), (b) (7)(C) on some occasions regarding a search done jointly for TI. There was no discussion of payments to (b) (6), (b) (7)(C) met (b) (6), (b) (7)(C) at (b) (6), (b) (7)(C) however, they never discussed payments to (b) (6), (b) (7)(C) has spoken to (b) (6), (b) (7)(C) but never discussed any payments to (b) (6), (b) (7)(C)

No indication was ever given to (b) (6), (b) (7)(C) by (b) (6), (b) (7)(C) that (b) (6), (b) (7)(C) company would not receive TI business if payments were not made to (b) (6), (b) (7)(C). The percentage paid to (b) (6), (b) (7)(C) was set by their fee schedule. The fee started at 25 percent and later increased to 33 1/3 percent. (b) (6), (b) (7)(C) said that his company never charged TI more than any other client. When asked if he had paid employees of other clients (b) (6), (b) (7)(C) said "no". (b) (6), (b) (7)(C) acknowledged that he had authorized all payments to (b) (6), (b) (7)(C) and he said that he "probably had overpaid (b) (6), (b) (7)(C)". Later in the interview (b) (6), (b) (7)(C) again said "I probably overpaid the guy. I wanted (b) (6), (b) (7)(C) attention. Wanted what was in his head". (b) (6), (b) (7)(C) said he had paid (b) (6), (b) (7)(C) a lot of money, that it was a value to him, and that he (b) (6), (b) (7)(C) wanted (b) (6), (b) (7)(C) attention. (b) (6), (b) (7)(C) has given gifts to (b) (6), (b) (7)(C) which include an old Colt pistol, a collector's item valued at approximately (b) (6), (b) (7)(C) and birthday presents. (b) (6), (b) (7)(C) has never given (b) (6), (b) (7)(C) a loan.

(b) (6), (b) (7)(C) said his company will have approximately \$700,000 in business this year, most of which is new business. When (b) (6), (b) (7)(C) left TI, (b) (6), (b) (7)(C) offered (b) (6), (b) (7)(C) a position with his company, even offering to change the name to (b) (6), (b) (7)(C) and (b) (6), (b) (7)(C) (b) (6), (b) (7)(C) declined and did not think this was a good idea.

When questioned about the odd amounts of money paid to (b) (6), (b) (7)(C), (b) (6), (b) (7)(C) couldn't remember exactly, but he suggested that (b) (6), (b) (7)(C) had been paid by the hour. This practice was discontinued at some point, and the company started paying (b) (6), (b) (7)(C) a flat fee.

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CONTROL: 8910023R-13-OCT-88-30DA-E8P DATE: December 6, 1988

At the close of the interview, (b) (6), (b) (7)(C) asked about the outcome of the first investigation. (b) (6), (b) (7)(C) was told there would be no discussion about the investigation. (b) (6), (b) (7)(C) asked about DCIS involvement in this investigation. It was explained that work done for TI could possibly have been done on government contracts since TI is a prime contractor. (b) (6), (b) (7)(C) said that (b) (6), (b) (7)(C) had never done government or military work. (b) (6), (b) (7)(C) agreed to provide the records listed in a subpoena previously served in conjunction with this current investigation.

(b) (6), (b) (7)(C)

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MEMORANDUM OF INTERVIEW

IN RE:

(b) (6), (b) (7)(C)

C75880141R

DATE:

December 6, 1988

TIME:

11:44 A.M. - 12:38 P.M.

PLACE:

IRS-CID OFFICE
7100 Van Nuys Blvd., Rm. 2N34
Van Nuys, CA 91364

PERSONS PRESENT:

(b) (6), (b) (7)(C)

Witness

FBI Special Agent

b6 per FBI

b7C

The agents introduced themselves and presented their credentials for inspection. The agents explained they were assisting the U.S. Attorney's office in a federal grand jury investigation involving (b) (6), (b) (7)(C) (b) (6), (b) (7)(C) provided the following information.

1. Her full name is (b) (6), (b) (7)(C) Her home address is (b) (6), (b) (7)(C)

(b) (6), (b) (7)(C)

2. Since March, 1988, (b) (6), (b) (7)(C)

(b) (6), (b) (7)(C)

3. (b) (6), (b) (7)(C) worked at (b) (6), (b) (7)(C) for at least (b) (6), (b) (7)(C) (b) (6), (b) (7)(C) at (b) (6), (b) (7)(C) (b) (6), (b) (7)(C) gave guidance to (b) (6), (b) (7)(C) on placements when (b) (6), (b) (7)(C) was working at the front desk at (b) (6), (b) (7)(C)

4. (b) (6), (b) (7)(C) (b) (6), (b) (7)(C) of (b) (6), (b) (7)(C)

IN RE: (b) (6), (b) (7)(C)
C75880141H

6. (b) (6), (b) (7)(C) was shown photocopies of numerous checks made payable to (b) (6), (b) (7)(C) and signed by (b) (6), (b) (7)(C) drawn on (b) (6), (b) (7)(C) as well as (b) (6), (b) (7)(C) and (b) (6), (b) (7)(C) accounts. (b) (6), (b) (7)(C) identified (b) (6), (b) (7)(C) signature on these checks and stated they were all signed by (b) (6), (b) (7)(C).
7. (b) (6), (b) (7)(C) explained the purpose of the payments to (b) (6), (b) (7)(C) were for consulting services (b) (6), (b) (7)(C) provided to (b) (6), (b) (7)(C). These consulting fees consisted of work (b) (6), (b) (7)(C) did with (b) (6), (b) (7)(C) in making (b) (6), (b) (7)(C) one of the best recruiting firms. (b) (6), (b) (7)(C) helped (b) (6), (b) (7)(C) learn the electronics industry. (b) (6), (b) (7)(C) and (b) (6), (b) (7)(C) talked a lot by telephone from their home about different areas and people in the business. (b) (6), (b) (7)(C) taught the people at (b) (6), (b) (7)(C) how to get an executive search firm started.
8. (b) (6), (b) (7)(C) said (b) (6), (b) (7)(C) submitted invoices for consulting services but she did not know how the exact amounts were determined. She believes (b) (6), (b) (7)(C) was paid on an hourly rate but does not know the hourly rate amount. (b) (6), (b) (7)(C) was one of the best in the business. The rate (b) (6), (b) (7)(C) received was the rate everyone in that field was getting. (b) (6), (b) (7)(C) believes payments were mailed to (b) (6), (b) (7)(C).
9. (b) (6), (b) (7)(C) was in a position at TI to give (b) (6), (b) (7)(C) search assignments. (b) (6), (b) (7)(C) also got TI assignments from other managers at TI. (b) (6), (b) (7)(C) was not the decision maker at TI.
10. (b) (6), (b) (7)(C) was the only person at TI that (b) (6), (b) (7)(C) made payments to and (b) (6), (b) (7)(C) did not feel these payments reflected anything unethical.
11. Other clients gave (b) (6), (b) (7)(C) input on search assignments but (b) (6), (b) (7)(C) did not pay any of the other clients.
12. (b) (6), (b) (7)(C)
- (b) (6), (b) (7)(C) made payments to (b) (6), (b) (7)(C) when he worked at (b) (6), (b) (7)(C)
13. (b) (6), (b) (7)(C) has been paying (b) (6), (b) (7)(C) since before (b) (6), (b) (7)(C) worked at (b) (6), (b) (7)(C) which has been since the early 1970's. (b) (6), (b) (7)(C)

IN RE: [REDACTED]
C75880141H

14. When [REDACTED] initially decided to start paying [REDACTED] [REDACTED] for consulting services, it was discussed with board members and it was a unanimous decision to use [REDACTED] Those present at this board meeting were [REDACTED] [REDACTED]
15. [REDACTED] is not aware of any gifts or loans made to [REDACTED]
16. [REDACTED] authorized payments to [REDACTED] provided the invoices to [REDACTED] checks and gave them to [REDACTED] and [REDACTED] signed the assumed they were mailed to [REDACTED]
17. [REDACTED] does not know of any written agreement between [REDACTED] and [REDACTED]
18. [REDACTED] never questioned or was concerned there was a conflict of interest by [REDACTED] working at TI and being paid by [REDACTED] who received search assignments from TI.
19. [REDACTED] never discussed with [REDACTED] the payments made to [REDACTED]
20. [REDACTED] is not aware of any other firms making payments to [REDACTED]
21. [REDACTED] does not know if [REDACTED] made payments to anyone.
22. [REDACTED] considered [REDACTED] valuable to [REDACTED] knowledge alone was valuable to [REDACTED]
23. [REDACTED] believed that [REDACTED] and [REDACTED] kept track of the number of hours of consulting services provided.
24. [REDACTED] thinks [REDACTED] would have received the same amount of TI business whether [REDACTED] paid [REDACTED] or not.
25. Major clients of [REDACTED] [REDACTED] Each year the major income producing client fluctuated.

IN RE: (b) (6), (b) (7)(C)

C75880141H

26. (b) (6), (b) (7)(C) often times typed (b) (6), (b) (7)(C) 1099 and she mailed it to (b) (6), (b) (7)(C) at his home address.
27. (b) (6), (b) (7)(C) did independent consulting and (b) (6), (b) (7)(C) knows that (b) (6), (b) (7)(C) had other clients.
28. (b) (6), (b) (7)(C) was never told by anyone not to tell TI about (b) (6), (b) (7)(C) making payments to (b) (6), (b) (7)(C)
29. (b) (6), (b) (7)(C) did not feel it was wrong for (b) (6), (b) (7)(C) to make payments to an employee (b) (6), (b) (7)(C) of a client (TI) because what (b) (6), (b) (7)(C) was doing had nothing to do with TI.
30. (b) (6), (b) (7)(C) does not believe the payments to (b) (6), (b) (7)(C) were called consulting fees to cover up something that was illegal.
31. All employees and recruiters at (b) (6), (b) (7)(C) knew about payments to (b) (6), (b) (7)(C) and (b) (6), (b) (7)(C) provided consulting services to the following people at (b) (6), (b) (7)(C) (b) (6), (b) (7)(C) and the research people. (b) (6), (b) (7)(C) was not the only person who received consulting from (b) (6), (b) (7)(C)
32. The business (b) (6), (b) (7)(C) did with (b) (6), (b) (7)(C) was completely separate from the business (b) (6), (b) (7)(C) did with TI.
33. Business searches (b) (6), (b) (7)(C) did with TI are documented and they were never questioned by TI that anything was wrong.
34. (b) (6), (b) (7)(C) was shown a summary of payments made to (b) (6), (b) (7)(C) in 1982, 1983, and 1984 and (b) (6), (b) (7)(C) said amounts paid in 1984 were on a regular basis.
35. (b) (6), (b) (7)(C), (b) (7)(D) wrote part of the checks to (b) (6), (b) (7)(C) when (b) (6), (b) (7)(C) was away from the office.
36. (b) (6), (b) (7)(C) never indicated (b) (6), (b) (7)(C) would lose TI business if (b) (6), (b) (7)(C) was not given payments.

(b) (6), (b) (7)(C)

This memorandum was prepared by me on December 6, 1988, after refreshing my memory from notes made during the interview.

(b) (6), (b) (7)(C)

MEMORANDUM OF INTERVIEW

IN RE:

(b) (6), (b) (7)(C)

C75880141H

DATE:

December 7, 1988

TIME:

11:30 A.M. - 12:30 P.M.

PLACE:

(b) (6), (b) (7)(C)

PERSONS PRESENT:

(b) (6), (b) (7)(C)

FBI Special Agent

b6 per FBI
b7C

The agents introduced themselves to (b) (6), (b) (7)(C) and presented their credentials for his inspection. The agents told (b) (6), (b) (7)(C) they were assisting the U. S. Attorney's Office in a federal grand jury investigation and (b) (6), (b) (7)(C) provided the following information.

1. (b) (6), (b) (7)(C)

2. (b) (6), (b) (7)(C) was involved with (b) (6), (b) (7)(C) on a business basis (b) (6), (b) (7)(C) when he (b) (6), (b) (7)(C) worked at (b) (6), (b) (7)(C) doing recruitment searches for Texas Instruments (TI).

3. (b) (6), (b) (7)(C) began working with (b) (6), (b) (7)(C) in (b) (6), (b) (7)(C) and left sometime in (b) (6), (b) (7)(C)

4. (b) (6), (b) (7)(C) was a minor (5%) stockholder in (b) (6), (b) (7)(C) (b) (6), (b) (7)(C) and had to sue (b) (6), (b) (7)(C) to collect his share of the business when he (b) (6), (b) (7)(C)

5. (b) (6), (b) (7)(C)

(b)

(b) (6), (b) (7)(C) was the person responsible for obtaining search assignments from the clients.

6. (b) (6), (b) (7)(C) hasn't done work with or for TI since he left (b) (6), (b) (7)(C)

206-7-276-1482

SEARCHED	(b) (6), (b) (7)(C)	INDEXED	(b) (6), (b) (7)(C)
SERIALIZED	(b) (6), (b) (7)(C)	FILED	(b) (6), (b) (7)(C)

MAR 13 1989

b6 per FBI
b7C

Memorandum of Interview

In Re: (b) (6), (b) (7)(C)

075880141H

7. (b) (6), (b) (7)(C) met (b) (6), (b) (7)(C) when (b) (6), (b) (7)(C) first left TI and before (b) (6), (b) (7)(C) went to work for (b) (6), (b) (7)(C) at (b) (6), (b) (7)(C). It was at this time (b) (6), (b) (7)(C) provided, for over a period of 8 to 12 months, the expertise to (b) (6), (b) (7)(C) to open a retained search firm.
8. (b) (6), (b) (7)(C)
[REDACTED] None of the business with TI was in the military area.
9. (b) (6), (b) (7)(C)
[REDACTED]
10. (b) (6), (b) (7)(C) was an employment agency whereby commissions were earned only on candidates placed with a client.
11. (b) (6), (b) (7)(C) and (b) (6), (b) (7)(C) had access to the books of (b) (6), (b) (7)(C) checks on the (b) (6), (b) (7)(C) assumed (b) (6), (b) (7)(C) authorized the issuance of any checks out of the (b) (6), (b) (7)(C) account.
12. (b) (6), (b) (7)(C) maintained the day to day control over the operations of the (b) (6), (b) (7)(C) business.
13. (b) (6), (b) (7)(C) spent time with the employees at (b) (6), (b) (7)(C) teaching them how to arrange files, directories, presentation to clients, present credentials -- a methodology. (b) (6), (b) (7)(C) pointed them to the direction of how to run a business. (b) (6), (b) (7)(C) taught them not only how to do a search but also how to sell searches to companies.
14. In the 1980's, (b) (6), (b) (7)(C) was the person at TI who invited search firms to meet the hiring TI managers. Managers would ask (b) (6), (b) (7)(C) who to invite to the search assignments. The TI managers would determine if a search firm had the technical expertise to do the job. (b) (6), (b) (7)(C) was the "spearhead" who understood what was sought by managers. (b) (6), (b) (7)(C) taught them how to lay out a search and present it. (b) (6), (b) (7)(C) taught them (b) (6), (b) (7)(C) how to document and present a search, it was a method (b) (6), (b) (7)(C) taught. TI appreciated this method developed by (b) (6), (b) (7)(C). They (b) (6), (b) (7)(C) were more likely to sell their search to TI because of (b) (6), (b) (7)(C) help. The information (b) (6), (b) (7)(C) provided enabled (b) (6), (b) (7)(C) to make better presentations to TI.

Memorandum of Interview

In Re: [REDACTED]

C75880141H

15. Besides [REDACTED] (b) (6), (b) (7)(C) [REDACTED] (b) (6), (b) (7)(C) is aware of a firm in New York that [REDACTED] (b) (6), (b) (7)(C) invited to search assignments for TI.
16. [REDACTED] (b) (6), (b) (7)(C) personally provided to [REDACTED] (b) (6), (b) (7)(C) advice on how to conduct himself in meetings and in telephone conversations.
17. To the best of [REDACTED] (b) (6), (b) (7)(C) knowledge, [REDACTED] (b) (6), (b) (7)(C) was paid for his services. [REDACTED] (b) (6), (b) (7)(C) indicated to [REDACTED] (b) (6), (b) (7)(C) that [REDACTED] (b) (6), (b) (7)(C) received 1099's for amounts paid to [REDACTED] (b) (6), (b) (7)(C) [REDACTED] (b) (6), (b) (7)(C) does not know the amounts [REDACTED] (b) (6), (b) (7)(C) received from [REDACTED] (b) (6), (b) (7)(C).
18. [REDACTED] (b) (6), (b) (7)(C) came to Los Angeles, California maybe four times a month. [REDACTED] (b) (6), (b) (7)(C) met with [REDACTED] (b) (6), (b) (7)(C) when he [REDACTED] (b) (6), (b) (7)(C) was in Los Angeles or sometimes met with [REDACTED] (b) (6), (b) (7)(C) when [REDACTED] (b) (6), (b) (7)(C) was traveling in New York.
19. [REDACTED] (b) (6), (b) (7)(C) expertise helped [REDACTED] (b) (6), (b) (7)(C) "everywhere," so it obviously helped in their business with TI.
20. [REDACTED] (b) (6), (b) (7)(C) considered guidance [REDACTED] (b) (6), (b) (7)(C) provided as a "fringe benefit" that the company [REDACTED] (b) (6), (b) (7)(C) paid for.

(b) (6), (b) (7)(C)

[REDACTED]

This memorandum was prepared by me on December 7, 1988, after refreshing my memory from notes made during the interview.

(b) (6), (b) (7)(C)

[REDACTED]



DEPARTMENT OF DEFENSE INSPECTOR GENERAL
OFFICE OF ASSISTANT INSPECTOR GENERAL FOR INVESTIGATIONS
DEFENSE CRIMINAL INVESTIGATIVE SERVICE

DALLAS FIELD OFFICE
POST OFFICE BOX 6689
FORT WORTH, TEXAS 76115-0689

DCIS REPORT OF INVESTIGATIVE ACTIVITY

CONTROL : 8910023R-13-OCT-88-30DA-E8P DATE: Jan. 13, 1989

TITLE : (b) (6), (b) (7)(C) (b) (6), (b) (7)(C)
Birth: [REDACTED] POB: UNK
Employment: Texas Instruments, Inc. (Previously)
Dallas, Texas

REPORT BY : (b) (6), (b) (7)(C)

Phone: (b) (6), (b) (7)(C)

ASSIST BY : (b) (6), (b) (7)(C)

MADE AT : Fort Worth, TX

STATUS : N/A

PURPOSE : Contact with (b) (6), (b) (7)(C)

DETAILS :

At approximately 10:40 AM, December 3, 1988, (b) (6), (b) (7)(C)
(b) (6), (b) (7)(C) entered the premises of (b) (6), (b) (7)(C). Agents observed a man with a dolly carrying what appeared to be empty boxes, exiting apartment (b) (6), (b) (7)(C). This apartment number had been given to reporting agent as the business address for (b) (6), (b) (7)(C) a suspected alias of (b) (6), (b) (7)(C). When approached by agents, the man denied being (b) (6), (b) (7)(C) and he refused to identify himself. The man also denied being the (b) (6), (b) (7)(C). He said there was no business conducted at this location. The man said (b) (6), (b) (7)(C) would be at this location at 2:00PM that day, but it was the man's understanding that (b) (6), (b) (7)(C) had already contacted a government agent. The man gave the phone number for apartment (b) (6), (b) (7)(C).

One or two minutes after departing the building, the agents observed this same man walking around outside in the building parking lot and scouting the premises.

Agents Note: At a conference with (b) (6), (b) (7)(C) later this date, the man contacted outside Apartment (b) (6), (b) (7)(C) identified himself as (b) (6), (b) (7)(C) and admitted that he sometimes uses the alias (b) (6), (b) (7)(C). This interview is documented in (b) (6), (b) (7)(C) Memorandum dated December 3, 1988. (b) (6), (b) (7)(C)

APPR: [REDACTED]

CLASSIFICATION:

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DCIS REPORT OF INVESTIGATIVE ACTIVITY

CONTROL : 8910023R-13-OCT-88-30DA-ESP DATE: Jan. 17, 1989

TITLE : (b) (6), (b) (7)(C) [REDACTED] (b) (6), (b) (7)(C)
Birth: (b) (6), (b) (7)(C) POB: UNK
Employment: Texas Instruments, Inc. (Previously)
Dallas, Texas

REPORT BY : (b) (6), (b) (7)(C)
Phone: (817) 334 (b) (6), (b) (7)(C)

MADE AT : Fort Worth, TX

STATUS : N/A

PURPOSE : Telephone Interview of (b) (6), (b) (7)(C)

DETAILS :

On December 9, 1988, reporting agent conducted a telephone interview of (b) (6), (b) (7)(C) [REDACTED] telephone number [REDACTED] In (b) (6), (b) (7)(C)

(b) (6), (b) (7)(C) (b) (6), (b) (7)(C) In May 1983
(b) (6), (b) (7)(C) (b) (6), (b) (7)(C) A year later (b) (6), (b) (7)(C)
(b) (6), (b) (7)(C) (b) (6), (b) (7)(C) (b) (6), (b) (7)(C)
(b) (6), (b) (7)(C) (b) (6), (b) (7)(C) (b) (6), (b) (7)(C)
(b) (6), (b) (7)(C) (b) (6), (b) (7)(C) [REDACTED]

Since this investigation began, (b) (6), (b) (7)(C) has become aware of payments made to (b) (6), (b) (7)(C) by (b) (6), (b) (7)(C) in 1982. (b) (6), (b) (7)(C) told (b) (6), (b) (7)(C) that these payments were for consultations. (b) (6), (b) (7)(C) has checked the (b) (6), (b) (7)(C) records and found that (b) (6), (b) (7)(C) was paid over \$9,000 by (b) (6), (b) (7)(C). These payments occurred prior to (b) (6), (b) (7)(C) joining (b) (6), (b) (7)(C) and at the time he purchased the business he was unaware of the payments to (b) (6), (b) (7)(C). (b) (6), (b) (7)(C) said that typically a personnel company does not pay consultants to do anything. (b) (6), (b) (7)(C) did not know anything about the payments.

(b) (6), (b) (7)(C) is in the process of gathering the (b) (6), (b) (7)(C) records which have been subpoenaed for the January 18, 1989 Grand Jury.

(b) (6), (b) (7)(C)

APPR:

ASSIFICATION:

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FORT WORTH, TEXAS 76115-0689

DCIS REPORT OF INVESTIGATIVE ACTIVITY

CONTROL : 8910023R-13-OCT-88-30DA-E8P DATE: Jan. 17, 1989

TITLE : (b) (6), (b) (7)(C) (b) (6), (b) (7)(C)

Birth: (b) (6), (b) (7)(C) POB: UNK

Employment: Texas Instruments (Previously)
Dallas, Texas

REPORT BY: (b) (6), (b) (7)(C)

Phone: (b) (6), (b) (7)(C)

MADE AT : Fort Worth, Texas

STATUS : N/A

PURPOSE : Telephone Inquiry at (b) (6), (b) (7)

DETAILS :

On December 6, 1988, the Reporting Agent contacted a woman
who identified herself as (b) (6), (b) (7)(C) (b) (6), (b) (7)(C)
telephone (b) (6), (b) (7)(C) (b) (6), (b) (7)(C) verified (b) (6), (b) (7)(C)
of employment with (b) (6), (b) (7)(C) dates (b) (6), (b) (7)(C)
(b) (6), (b) (7)(C) now known as (b) (6), (b) (7)(C)

(b) (6), (b) (7)(C)

206A-276-17

SEARCHED	(b) (6),	INDEXED	(b) (6),
SERIALIZED	(b) (7)	FILED	(b) (6), (b) (7)(C)
FEB 28 1989			

(b) (6), (b) (7)(C)

b6 per FBI
b7C

APPR: [REDACTED]

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DCIS REPORT OF INVESTIGATIVE ACTIVITY

CONTROL : 8910023R-13-OCT-88-30DA-E8P DATE: Jan. 17, 1989

TITLE : [REDACTED] (b) (6), (b) (7)(C)
Birth: [REDACTED] (b) (6), (b) (7)(C) POB: UNK
Employment: Texas Instruments (Previously)
Dallas, Texas

REPORT BY: [REDACTED] (b) (6), (b) (7)(C)
Phone: [REDACTED] (b) (6), (b) (7)(C)

MADE AT : Fort Worth, Texas

STATUS : N/A

PURPOSE : Telephone Interview of [REDACTED] (b) (6), (b) (7)(C)

AM
(b) (6), (b) (7)(C)

DETAILS :

Reporting agent conducted a telephone interview of [REDACTED] (b) (6), (b) (7)(C) on December 9, 1988. [REDACTED] (b) (6), (b) (7)(C) his residence telephone number is [REDACTED] His car telephone is [REDACTED] (b) (6), (b) (7)(C)

(b) (6), (b) (7)(C)

[REDACTED]
had worked with [REDACTED] (b) (6), (b) (7)(C) earlier. [REDACTED] (b) (6), (b) (7)(C) worked in the [REDACTED] (b) (6), (b) (7)(C) area for [REDACTED] (b) (6), (b) (7)(C). [REDACTED] (b) (6), (b) (7)(C) almost two years. [REDACTED] (b) (6), (b) (7)(C) returned to TI because he felt it was more secure employment, plus he had a two year period of time after leaving TI in which he could return without loosing his benefits. There was no problem with [REDACTED] (b) (6), (b) (7)(C) employment record at [REDACTED] (b) (6), (b) (7)(C)

206-A-276-18

SEARCHED	(b) (6)	INDEXED	(b) (6), (b)
SERIALIZED	(b) (7)(C)	FILED	(b) (7)(C)
FEB 28 1989			
b6 per FBI b7c			

(b) (6), (b) (7)(C)

APPR: [REDACTED]

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DCIS REPORT OF INVESTIGATIVE ACTIVITY

CONTROL : 8910023R-13-OCT-88-30DA-ESP DATE: Jan. 17, 1989

TITLE : (b) (6), (b) (7)(C) (b) (6), (b) (7)(C)

Birth: (b) (6), (b) (7)(C) POB: UNK
Employment: Texas Instruments, Inc. (Previously)
Dallas, Texas

REPORT BY : (b) (6), (b) (7)(C)
Phone: (b) (6), (b) (7)(C)

MADE AT : Fort Worth, TX

STATUS : N/A

PURPOSE : Telephone Interview of (b) (6), (b) (7)(C)

DETAILS :

On December 9, 1988, reporting agent conducted a telephone interview of (b) (6), (b) (7)(C) [REDACTED]
(b) (6), (b) (7)(C)

Since this investigation began, (b) (6), (b) (7)(C) has become aware of payments made to (b) (6), (b) (7)(C) in 1982. (b) (6), (b) (7)(C) told (b) (6), (b) (7)(C) that these payments were for consultations. (b) (6), (b) (7)(C) has checked the (b) (6), (b) (7)(C) records and found that (b) (6), (b) (7)(C) was paid over \$9,000 by (b) (6), (b) (7)(C). These payments occurred prior to (b) (6), (b) (7)(C) joining (b) (6), (b) (7)(C) and at the time he purchased the business he was unaware of the payments to (b) (6), (b) (7)(C). (b) (6), (b) (7)(C) said that typically a personnel company does not pay consultants to do anything. (b) (6), (b) (7)(C) did not know anything about the payments.

(b) (6), (b) (7)(C) is in the process of gathering the (b) (6), (b) (7)(C) records which have been subpoenaed for the January 18, 1989 Grand Jury.

201-A-276-18X/

SEARCHED	(b) (6)	INDEXED	(b) (6)
SERIALIZED	(b) (7)	FILED	(b) (7)
(C)			

MAR 13 1989

b6 per FBI
b7C

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DCIS REPORT OF INVESTIGATIVE ACTIVITY

CONTROL : 8910023R-13-OCT-88-30DA-E8P DATE: Jan. 17, 1989

TITLE : (b) (6), (b) (7)(C) [REDACTED] (b) (6), (b) (7)(C)
Birth: [REDACTED] POB: UNK
Employment: Texas Instruments (Previously)
Dallas, Texas

REPORT BY: (b) (6), (b) (7)(C)
Phone: [REDACTED]

MADE AT : Fort Worth, Texas

STATUS : N/A

PURPOSE : California State Records Check

DETAILS :

On December 6, 1988, the Reporting Agent conducted a corporation records check of Electronic Arrays, Inc. with the California Secretary of State, Corporate Status Department, telephone (b) (6), (b) (7)(C) [REDACTED]

(b) (6), (b) (7)(C)

The following information was obtained:

1. 3/31/81 Electronic Arrays, Inc. became NEC Electronics U.S.A., Inc.
2. 9/29/83 NEC Electronics U.S.A., Inc. became known as NEC Electronics, Inc., 401 Ellis St., Mountain View, California 94039.
3. The President of NEC Electronics, Inc. is (b) (6), (b) (7)(C) [REDACTED] (b) (6), (b) (7)(C) [REDACTED] and the agent is (b) (6), (b) (7)(C) [REDACTED] telephone (b) (6), (b) (7)(C) [REDACTED]

206A-276-18X2

SEARCHED	(b) (6), (b) (7)(C)	INDEXED	(b) (6), (b) (7)(C)
SERIALIZED	(b) (6), (b) (7)(C)	FILED	(b) (7)(C)
MAR 13 1989			
b6 per FBI			
b7C			
APPR: (b) (6), (b) (7)(C) [REDACTED]			

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DALLAS FIELD OFFICE
POST OFFICE BOX 6689
FORT WORTH, TEXAS 76115-0689

DCIS REPORT OF INVESTIGATIVE ACTIVITY

CONTROL : 8910023R-13-OCT-88-30DA-E8P DATE: Jan. 21, 1989

TITLE : (b) (6), (b) (7)(C) (b) (6), (b) (7)(C)
Birth: (b) (6), (b) (7)(C) POB: UNK
Employment: Texas Instruments, Inc. (Previously)
Dallas, Texas

REPORT BY : (b) (6), (b) (7)(C)
Phone: (b) (6), (b) (7)(C)

ASSIST BY : (b) (6), (b) (7)(C)

MADE AT : Fort Worth, TX

STATUS : N/A

PURPOSE : Production of Subpoenaed Records CSI, Inc.

DETAILS :

On January 18, 1989, (b) (6), (b) (7)(C) was present,
but unable to furnish documents sought by Grand Jury Subpoena
Duces Tecum issued November 28, 1988. The subpoenaed records
which (b) (6), (b) (7)(C) had checked through on a Delta Airlines flight from
Phoenix to Dallas/Fort Worth Airport, did not arrive. (b) (6), (b) (7)(C) did
not appear before the Grand Jury.

On January 19, 1989, (b) (6), (b) (7)(C) did produce the subpoenaed
records which arrived on a later flight. (b) (6), (b) (7)(C) turned these
records over to (b) (6), (b) (7)(C)

206A 276-19

SEARCHED	(b) (6), (b) (7)(C)	INDEXED	(b) (6), (b) (7)(C)
SERIALIZED	(b) (6), (b) (7)(C)	FILED	(b) (6), (b) (7)(C)
FEB 28 1989			

(b) (6), (b) (7)(C)

b6 pre FBI
b7C

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DCIS REPORT OF INVESTIGATIVE ACTIVITY

CONTROL : 8910023R-13-OCT-88-30DA-E8P DATE: Jan. 21, 1989

TITLE : [REDACTED] (b) (6), (b) (7)(C) [REDACTED]
Birth: [REDACTED] (b) (6), (b) (7)(C)
Employment: Texas Instruments, Inc. (Previously)
Dallas, Texas

REPORT BY: (b) (6), (b) (7)(C)

Phone: (b) (6), (b) (7)(C)

ASSIST BY: (b) (6), (b) (7)(C)

Phone: (b) (6), (b) (7)(C)

MADE AT : Fort Worth, TX

STATUS : N/A

PURPOSE : Production of Subpoenaed Records, Furlong,
Contorinis & Linton, Inc.

DETAILS :

(b) (6), (b) (7)(C)
On January 18, 1989, [REDACTED]
(b) (6), (b) (7)(C)

[REDACTED] appeared in person and furnished the Grand
Jury with the documents sought by Grand Jury Subpoena Duces Tecum
dated November 28, 1988.

SEARCHED _____	INDEXED _____
SERIALIZED _____	FILED _____
FEB 23 1989	
FBI - DALLAS	

(b) (6), (b) (7)(C)

APPR: [REDACTED]

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CONTROL : 8910023R-13-OCT-88-30DA-E8P DATE: Jan. 21, 1989

TITLE : (b) (6), (b) (7)(C) (b) (6), (b) (7)(C)

Birth: [REDACTED] POB: UNK
Employment: Texas Instruments, Inc. (Previously)
Dallas, Texas

REPORT BY: (b) (6), (b) (7)(C) (b) (6), (b) (7)(C)
Phone: [REDACTED]

ASSIST BY: (b) (6), (b) (7)(C)
Phone: [REDACTED] (b) (6), (b) (7)(C)

MADE AT : Fort Worth, TX

STATUS : N/A

PURPOSE : Production of Subpoenaed Records, International
Recruiting Services, Inc.

DETAILS :

On January 19, 1989 (b) (6), (b) (7)(C) (b) (6), (b) (7)(C)
(b) (6), (b) (7)(C) appeared
before the Grand Jury with documents sought by Federal Grand Jury
Subpoena Duces Tecum dated November 28, 1988.

(b) (6), (b) (7)(C)

APPR: [REDACTED]

CLASSIFICATION:

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CONTROL : 8910023R-13-OCT-88-30DA-E8P DATE: Jan. 21, 1989

TITLE : (b) (6), (b) (7)(C) (b) (6), (b) (7)(C)

Birth: (b) (6), (b) (7)(C) POB: UNK

Employment: Texas Instruments, Inc. (Previously)
Dallas, Texas

REPORT BY: (b) (6), (b) (7)(C)

Phone: (b) (6), (b) (7)(C)

ASSIST BY: (b) (6), (b) (7)(C)

Phone: (b) (6), (b) (7)(C)

MADE AT : Fort Worth, TX

STATUS : N/A

PURPOSE : Production of Subpoenaed Records,
Merrill, Lynch, Pierce, Fenner, & Smith, Inc.

DETAILS :

On January 18, 1989, (b) (6), (b) (7)(C) appeared before the Federal Grand Jury with records provided by Merrill, Lynch, Pierce, Fenner, & Smith, Inc. These documents were sought by Federal Grand Jury Subpoena Duces Tecum dated November 28, 1988.

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CONTROL : 8910023R-13-OCT-88-30DA-E8P DATE: Jan. 21, 1989

TITLE : (b) (6), (b) (7)(C) (b) (6), (b) (7)(C)

Birth: (b) (6), (b) (7)(C) POB: UNK

Employment: Texas Instruments, Inc. (Previously)
Dallas, Texas

REPORT BY: (b) (6), (b) (7)(C)

Phone: (b) (6), (b) (7)(C)

ASSIST BY: (b) (6), (b) (7)(C)

Phone: (b) (6), (b) (7)(C)

MADE AT : Fort Worth, TX

STATUS : N/A

PURPOSE : Production of Subpoenaed Records, North Carolina
National Bank (Formerly First Republic Bank,
formerly Interfirst Bank, formerly First National
Bank of Dallas)

DETAILS :

On January 18, 1989, (b) (6), (b) (7)(C) appeared before
the Federal Grand Jury with records provided by North Carolina
National Bank. These documents were sought by Federal Grand Jury
Subpoena Duces Tecum dated November 28, 1988.

(b) (6), (b) (7)(C)

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DCIS REPORT OF INVESTIGATIVE ACTIVITY

CONTROL : 8910023R-13-OCT-88-30DA-E8P DATE: Jan. 21, 1989

TITLE : (b) (6), (b) (7)(C) (b) (6), (b) (7)(C)

Birth: (b) (6), (b) (7)(C) POB: UNK

Employment: Texas Instruments, Inc. (Previously)
Dallas, Texas

REPORT BY: (b) (6), (b) (7)(C)

Phone: (b) (6), (b) (7)(C)

ASSIST BY: (b) (6), (b) (7)(C)

Phone: (b) (6), (b) (7)(C)

MADE AT : Fort Worth, TX

STATUS : N/A

PURPOSE : Production of Subpoenaed Records, Texins Credit
Union

DETAILS :

On January 18, 1989, (b) (6), (b) (7)(C) appeared before
the Federal Grand Jury with records provided by Texins Credit
Union, Dallas, Texas. These documents were sought by Federal
Grand Jury Subpoena Duces Tecum dated November 28, 1988.

(b) (6), (b) (7)(C)

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DCIS REPORT OF INVESTIGATIVE ACTIVITY

CONTROL : 8910023R-13-OCT-88-30DA-E8P DATE: Jan. 21, 1989

TITLE : (b) (6), (b) (7)(C) (b) (6), (b) (7)(C)
Birth: [REDACTED] POB: UNK
Employment: Texas Instruments, Inc. (Previously)
Dallas, Texas

REPORT BY: (b) (6), (b) (7)(C) (b) (6), (b) (7)(C)
Phone: [REDACTED]

MADE AT : Fort Worth, TX

STATUS : N/A

PURPOSE : Extensions for Production of Subpoenaed Records,
M-Bank Lincoln Centre and Capital Bank

DETAILS :

On January 18, 1989, extensions were granted allowing additional time for M-Bank Lincoln Centre and Capital Bank to gather records. These documents were sought by two Federal Grand Jury Subpoenas Duces Tecum dated November 28, 1988.

(b) (6), (b) (7)(C)

APPR: [REDACTED]

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MEMORANDUM OF INTERVIEW

In Re:

(b) (6), (b) (7)(C)

C75880141H

Date:

February 7, 1989

Time:

10:00 a.m. - 12:18 p.m.
2:15 p.m. - 5:30 p.m.

Place:

(b) (6), (b) (7)(C)

Persons Present:

(b) (6), (b) (7)(C)

(b) (6), (b) (7)(C) provided a letter to (b) (6), (b) (7)(C) regarding (b) (6), (b) (7)(C) and (b) (6), (b) (7)(C) signed by (b) (6), (b) (7)(C) confirming the matter that (b) (6), (b) (7)(C) and (b) (6), (b) (7)(C) were being contacted by the agents as witnesses only and were not targets of the grand jury investigation.

X
(b) (6), (b) (7)(C)

(b) (6), (b) (7)(C) telephoned (b) (6), (b) (7)(C) and requested he (b) (6), (b) (7)(C) be allowed to add the statement "based upon information provided by the above individuals on or after date of this letter" after the statement "may be prosecuted for giving false information or false swearing" in the letter. (b) (6), (b) (7)(C) talked to (b) (6), (b) (7)(C) to confirm (b) (6), (b) (7)(C) concurred and (b) (6), (b) (7)(C) name beside the addition made to the letter by (b) (6), (b) (7)(C). (A copy of this letter is attached to this memorandum).

The agents advised (b) (6), (b) (7)(C) they were assisting the U. S. Attorney's office in a Federal grand jury investigation involving (b) (6), (b) (7)(C) (b) (6), (b) (7)(C) provided the following information to questions asked by (b) (6), (b) (7)(C) (b) (6), (b) (7)(C)

1.

(b) (6), (b) (7)(C)

Memorandum of Interview

In Re: (b) (6), (b) (7)(C)

C75880141R

2. The corporate business address for Electronics Personnel (EP) was (b) (6), (b) (7)(C) up until a month or so ago. This was also the address of (b) (6), (b) (7)(C). The present corporate address for EP is in care of (b) (6), (b) (7)(C). (b) (6), (b) (7)(C) explained the corporate business address for EP was an address in New Jersey because the company was incorporated in New Jersey and needed to have a New Jersey business address.
3. (b) (6), (b) (7)(C) One year later, (b) (6), (b) (7) met an individual at a trade show who worked for Texas Instruments (TI) named (b) (6), (b) (7)(C) (b) (6), (b) (7)(C). (b) (6), (b) (7)(C) told (b) (6), (b) (7)(C) he would hear from one of the TI recruiters, referring to (b) (6), (b) (7)(C). About a week later (b) (6), (b) (7)(C) telephoned (b) (6), (b) (7)(C) and they began doing business. (b) (6), (b) (7)(C) and (b) (6), (b) (7)(C) immediately and (b) (6), (b) (7)(C).
4. From 1961 to about 1970, (b) (6), (b) (7)(C) and (b) (6), (b) (7)(C) had business relations. In 1970 the business relationship ceased because the electronics business had collapsed and (b) (6), (b) (7)(C) left TI and went to work for a firm in California. In 1979 (b) (6), (b) (7)(C) went back to work for TI and (b) (6), (b) (7)(C) and (b) (6), (b) (7)(C) business relationship resumed throughout the period 1979 through 1985. Virtually all work EP did for TI related to the Consumer Products Division at TI. Consumer Products at TI was the division that dealt with calculators and computers. EP also did work at the corporate level. (b) (6), (b) (7)(C) estimated approximately 50 percent of EP's business during the years 1982, 1983, and 1984 was with TI and in some of these years it was probably more than 50 percent. Since the investigation began, around 1985, (b) (6), (b) (7)(C) has had no business dealings with TI.
5. EP did executive recruiting placement searches for TI during the years 1982, 1983, 1984, and 1985. EP was paid on a retainer basis and received a placement fee of 30 percent of the individuals starting salary. EP received one third of the estimated placement fee at the time they received the search assignment. At the end of 30 days, EP would receive a second one third retainer fee and the last one third portion would be paid at the completion of the search assignment. There were some instances when TI paid retainer fees to more than one recruitment firm. In 1982, 1983, 1984, and 1985, all work EP did for TI was on a retainer basis with the exception of one transaction that was on a contingency placement. This one contingency placement related to (b) (6), (b) (7)(C) (b) (6), (b) (7)(C) provided a copy of the invoice relating to this transaction.

Memorandum of Interview

In Re: (b) (6), (b) (7)(C)

C75880141H

6. (b) (6), (b) (7)(C)

7. When (b) (6), (b) (7) [REDACTED] came back to TI in the late 1970's, (b) (6), (b) (7)(C)

8. (b) (6), (b) (7) [REDACTED] said (b) (6), (b) (7) [REDACTED] had a two-fold role at TI, (b) (6), (b) (7) [REDACTED] had both a formal and informal role at TI. (b) (6), (b) (7) [REDACTED] explained by formal role, he meant that (b) (6), (b) (7) [REDACTED] was the (b) (6), (b) (7)(C) [REDACTED] for TI and by informal role, he meant that (b) (6), (b) (7) [REDACTED] was assigned "special nature, special projects" by higher level executives at TI, i.e., by (b) (6), (b) (7)(C) [REDACTED] who was the (b) (6), (b) (7)(C) [REDACTED]. (b) (6), (b) (7) [REDACTED] said (b) (6), (b) (7) [REDACTED] did a lot of sensitive work that was all legal. (b) (6), (b) (7) [REDACTED] referred to the informal role that (b) (6), (b) (7) [REDACTED] had at TI as a "sensitive, dotted-line responsibility." (b) (6), (b) (7)(C) [REDACTED] said there was a fine line between what one would consider legal information gathering, competitive analysis, versus the illegal side of information gathering, industrial espionage.

9. Sometimes when (b) (6), (b) (7) [REDACTED] came to New York, (b) (6), (b) (7) [REDACTED] would inquire as to the purpose of (b) (6), (b) (7)(C) [REDACTED] trip. (b) (6), (b) (7) [REDACTED] made statements to (b) (6), (b) (7) [REDACTED] about being in New York on a special project on behalf of (b) (6), (b) (7)(C) [REDACTED] or (b) (6), (b) (7)(C) [REDACTED] but (b) (6), (b) (7) [REDACTED] never elaborated on any of the details.

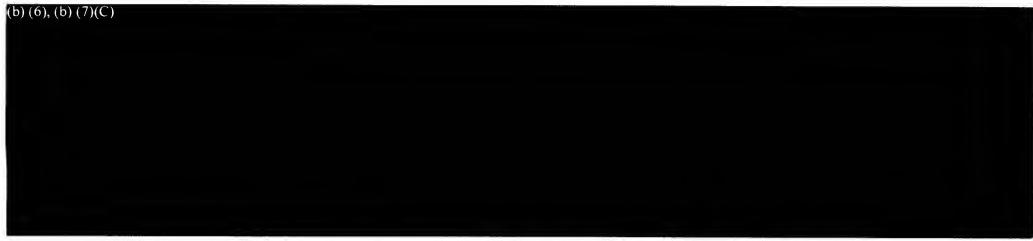
10. (b) (6), (b) (7) [REDACTED] knows the specifics of one of (b) (6), (b) (7)(C) [REDACTED] special projects. (b) (6), (b) (7) [REDACTED] had called (b) (6), (b) (7) [REDACTED] and (b) (6), (b) (7)(C) [REDACTED] late one Friday night after hours and asked them if they would fly out to Dallas for a meeting at (b) (6), (b) (7)(C) [REDACTED] apartment on Sunday afternoon. (b) (6), (b) (7) [REDACTED] told them he could not discuss the details of the meeting over the telephone, but it was very important that both (b) (6), (b) (7) [REDACTED] and (b) (6), (b) (7)(C) [REDACTED] attend the meeting along with another recruiter, (b) (6), (b) (7)(C) [REDACTED] who was from (b) (6), (b) (7)(C) [REDACTED]. At the time, a minority group of board members at TI had become intent on (b) (6), (b) (7)(C) [REDACTED]

Memorandum of Interview

In Re: (b) (6), (b) (7)(C)

C75880141H

(b) (6), (b) (7)(C)



11. (b) (6), (b) (7)(C) was (b) (6), (b) (7)(C) boss at TI during the years (b) (6), (b) (7)(C). (b) (6), (b) (7)(C) title was (b) (6), (b) (7)(C). and he reported (b) (6), (b) (7)(C) (b) (6), (b) (7)(C) lead (b) (6), (b) (7)(C) to believe (b) (6), (b) (7)(C) was not aware of the special projects or assignments (b) (6), (b) (7)(C) was working on.
12. (b) (6), (b) (7)(C) provided the original records of EP requested in a grand jury subpoena served to him by (b) (6), (b) (7)(C). These records included original cancelled checks for payments made by EP to (b) (6), (b) (7)(C) during the years 1982, 1983, 1984, and 1985. (b) (6), (b) (7)(C) on all of these checks. (b) (6), (b) (7)(C) explained there were several purposes of payments made to (b) (6), (b) (7)(C).
13. One day (b) (6), (b) (7)(C) and (b) (6), (b) (7)(C) were having either lunch or dinner in New York and (b) (6), (b) (7)(C) told (b) (6), (b) (7)(C) that (b) (6), (b) (7)(C) was impossible about expenses, specifically travel and entertainment expenses. (b) (6), (b) (7)(C) told (b) (6), (b) (7)(C) that (b) (6), (b) (7)(C) was nit-picking his (b) (6), (b) (7)(C) expenses that related to special projects (b) (6), (b) (7)(C) was assigned by (b) (6), (b) (7)(C) or (b) (6), (b) (7)(C). (b) (6), (b) (7)(C) said he was having trouble with his expense money due to the sensitive nature of the projects and he (b) (6), (b) (7)(C) didn't want to put these expenses on his travel through (b) (6), (b) (7)(C) or through normal channels. (b) (6), (b) (7)(C) asked (b) (6), (b) (7)(C) if he (b) (6), (b) (7)(C) would be so kind as to consider adding these expenses to the expense vouchers (b) (6), (b) (7)(C) was currently sending to TI that related to recruiting. (b) (6), (b) (7)(C) told (b) (6), (b) (7)(C) that since (b) (6), (b) (7)(C) was submitting expenses to TI on a regular basis as recruiting activities, that it would be easy to include additional expenses (b) (6), (b) (7)(C) had incurred. (b) (6), (b) (7)(C) submitted receipts to (b) (6), (b) (7)(C) would total these receipts, (b) (6), (b) (7)(C) would add the total to the voucher he submitted for reimbursement to TI, and when he received a check from TI then he would in turn write a check to (b) (6), (b) (7)(C) representing (b) (6), (b) (7)(C) portion of the reimbursed expenses. This was the first category of checks made to (b) (6), (b) (7)(C).
14. The invoices (b) (6), (b) (7)(C) submitted to TI for payment of expenses, for recruiting as well as reimbursable expenses for recruiting, were mailed and addressed to (b) (6), (b) (7)(C) at TI. (b) (6), (b) (7)(C) does not know

Memorandum of Interview

In Re: (b) (6), (b) (7)(C)
C75880141H

exactly who at TI approved the payments, but thinks (b) (6), (b) (7) [redacted] approved payments up to a certain dollar amount and then amounts over this had to be approved by (b) (6), (b) (7) [redacted]

15. (b) (6), (b) (7) [redacted] said he relied on what (b) (6), (b) (7) [redacted] told him to be business expenses. (b) (6), (b) (7) [redacted] did not verify the receipts (b) (6), (b) (7) [redacted] gave him were legitimate business expenses. (b) (6), (b) (7) [redacted] said he did not like doing this and it made him feel uncomfortable, but he did it because he believed he was serving his client, TI, and helping in their work relationship. (b) (6), (b) (7) [redacted] also felt he was helping a friend, (b) (6), (b) (7) [redacted]. (b) (6), (b) (7) [redacted] said if (b) (6), (b) (7) [redacted] boss, (b) (6), (b) (7) [redacted] found out about this arrangement, (b) (6), (b) (7) [redacted] would be very unhappy.
16. The second category of checks written to (b) (6), (b) (7) [redacted] were for payments of referral fees. (b) (6), (b) (7) [redacted] referred at least three companies to EP that retained EP for executive recruiting. (b) (6), (b) (7) [redacted] referred GTE in Phoenix, Arizona, RF Monolithics in Dallas, Texas, and Intecom in Dallas, Texas, to EP for recruiting searches. (b) (6), (b) (7) [redacted] explained it is a standard practice to pay referral fees to individuals who referred them to client companies. (b) (6), (b) (7) [redacted] said (b) (6), (b) (7) [redacted] never asked him to pay referral fees, however, (b) (6), (b) (7) [redacted] felt it was only fair because it was standard practice to do so. (b) (6), (b) (7) [redacted] sent (b) (6), (b) (7) [redacted] amounts he thought were fair. Each time (b) (6), (b) (7) [redacted] got a new assignment from one of the three companies listed above, (b) (6), (b) (7) [redacted] would send (b) (6), (b) (7) [redacted] a referral fee check. (b) (6), (b) (7) [redacted] made these referrals based on contacts with former TI employees who inquired of (b) (6), (b) (7) [redacted] about which recruiting firms could do them a good job in the area of executive recruiting and (b) (6), (b) (7) [redacted] would refer them to (b) (6), (b) (7) [redacted] and (b) (6), (b) (7) [redacted]. (b) (6), (b) (7) [redacted] could not recall the names of any of the former TI employees who actually contacted (b) (6), (b) (7) [redacted]
17. (b) (6), (b) (7) [redacted] said some people would also consider there was a third category of checks made payable to (b) (6), (b) (7) [redacted] for "quasi-consulting fees." (b) (6), (b) (7) [redacted] helped (b) (6), (b) (7) [redacted] try to locate individuals for jobs (b) (6), (b) (7) [redacted] was trying to fill for other clients, not for TI positions. (b) (6), (b) (7) [redacted] paid (b) (6), (b) (7) [redacted] for these "consulting fees." (b) (6), (b) (7) [redacted] believes the referrals and consulting fees are actually the same thing, so in his mind he classifies the checks to (b) (6), (b) (7) [redacted] in two categories--reimbursement for expenses on special projects (b) (6), (b) (7) [redacted] did for TI and for consulting referral fees (b) (6), (b) (7) [redacted] earned on referrals (b) (6), (b) (7) [redacted] provided to EP.
18. (b) (6), (b) (7) [redacted] felt uncomfortable making payments to (b) (6), (b) (7) [redacted] because he felt TI may not like (b) (6), (b) (7) [redacted] "moonlighting." (b) (6), (b) (7) [redacted] also felt uncomfortable about making payments to (b) (6), (b) (7) [redacted] because he felt it may be in violation of certain TI standards and it (the payments to (b) (6), (b) (7) [redacted]) might be considered a conflict of interest.

Memorandum of Interview

In Re: (b) (6), (b) (7)(C)

C75880141H

19. (b) (6), (b) (7)(C) (b) (6), (b) (7) (C) partner at EP, was aware of the payments EP was making to (b) (6), (b) (7) and (b) (6), (b) (7)(C) didn't like the idea because he felt certain people at TI might take a wrong view of the payments being made to (b) (6), (b) (7) (C), specifically (b) (6), (b) (7)(C) might not like it and if (b) (6), (b) (7) (C) found out (b) (6), (b) (7) (C) might say TI would no longer do business with (b) (6), (b) (7)(C).
20. (b) (6), (b) (7) (C) provided to the agents records of invoices he sent to TI requesting payment for reimbursement expenses as well as attached expense vouchers (b) (6), (b) (7) (C) provided to (b) (6), (b) (7) which (b) (6), (b) (7) utilized to increase the amount of reimbursement expense on the invoices sent to TI. (b) (6), (b) (7) reviewed these records, the cancelled checks made payable to (b) (6), (b) (7) (C) and reviewed a schedule of these checks provided to (b) (6), (b) (7) by (b) (6), (b) (7)(C) (b) (6), (b) (7) categorized the purpose of each check payment to (b) (6), (b) (7) (C) and notated the purpose by writing to the side of the amount column on the schedule provided by (b) (6), (b) (7)(C) either "expense" or "referral or consulting fee." (A copy of this schedule is attached to this memorandum.)
21. (b) (6), (b) (7) (C) either mailed or, if (b) (6), (b) (7) (C) were in town, hand delivered the checks from EP to (b) (6), (b) (7)(C).
22. (b) (6), (b) (7) (C) did not believe the payments to (b) (6), (b) (7) had any direct bearing on whether EP got TI work, but (b) (6), (b) (7) believes it certainly did not hurt his relationship with his client, TI, in doing what (b) (6), (b) (7) asked him to do as far as the reimbursement of expenses. (b) (6), (b) (7) assumed (b) (6), (b) (7) (C) didn't want (b) (6), (b) (7) to question his (b) (6), (b) (7)(C) expenses.
23. (b) (6), (b) (7) (C) included all payments EP received from TI as income on the EP business tax return and the amounts paid to (b) (6), (b) (7) (C) were deducted as business expenses on the tax return.
24. (b) (6), (b) (7) (C) never made any loans to (b) (6), (b) (7) nor did (b) (6), (b) (7) ever make loans to (b) (6), (b) (7)(C) (b) (6), (b) (7) and (b) (6), (b) (7) never gave each other gifts except for small ones, like a fruit cake, made on very rare occasions. (b) (6), (b) (7) (C) never paid (b) (6), (b) (7) any money.
25. It was (b) (6), (b) (7) (C) understanding (b) (6), (b) (7) was also "moonlighting" with (b) (6), (b) (7)(C) (b) (6), (b) (7) (C) got this information from an electronics newspaper of California. (b) (6), (b) (7) (C) did not personally know what (b) (6), (b) (7)(C) relationship was with other personnel firms and (b) (6), (b) (7) (C) never asked (b) (6), (b) (7) (C) about his moonlighting with anyone else. (b) (6), (b) (7)(C) (b) (6), (b) (7) (C) and (b) (6), (b) (7)(C) met in California on one occasion in (b) (6), (b) (7) (C) (b) (6), (b) (7)(C) and (b) (6), (b) (7)(C) met in California on one occasion in (b) (6), (b) (7) (C) to discuss the hiring of (b) (6), (b) (7)(C) for a position at TI.

Memorandum of Interview

In Re: (b) (6), (b) (7)(C)

C75880141H

26. (b) (6), (b) (7) [redacted] said (b) (6), (b) (7) [redacted] provided unlimited information regarding recruitment procedures, practices, and counseling to (b) (6), (b) (7)(C) [redacted] and himself on what questions to ask potential recruits as well as how to set up good interviews and techniques for candidates. It is normal practice to exchange recruitment procedures and practices in the business and (b) (6), (b) (7)(C) never paid anyone for this type of information. (b) (6), (b) (7) [redacted] never approached (b) (6), (b) (7) [redacted] and (b) (6), (b) (7) [redacted] never paid (b) (6), (b) (7) [redacted] for information of this kind.
27. (b) (6), (b) (7) [redacted] met (b) (6), (b) (7)(C) [redacted] approximately eight to ten years ago. Although (b) (6), (b) (7) [redacted] had met (b) (6), (b) (7) [redacted] at conventions and spoke with (b) (6), (b) (7) [redacted] socially, (b) (6), (b) (7) [redacted] never discussed (b) (6), (b) (7)(C) [redacted] special projects with (b) (6), (b) (7) [redacted]. (b) (6), (b) (7) [redacted] is originally from (b) (6), (b) (7)(C) [redacted] (b) (6), (b) (7) [redacted] believes the last known address for (b) (6), (b) (7) [redacted] is in (b) (6), (b) (7)(C) [redacted]
28. The last time (b) (6), (b) (7) [redacted] spoke to (b) (6), (b) (7) [redacted] was about one week ago. (b) (6), (b) (7) [redacted] told (b) (6), (b) (7) [redacted] his (b) (6), (b) (7)(C) [redacted] attorney would not let him (b) (6), (b) (7)(C) [redacted] discuss the matter of this investigation any longer with (b) (6), (b) (7) [redacted] and (b) (6), (b) (7) [redacted] said he understood. (b) (6), (b) (7) [redacted] advised (b) (6), (b) (7) [redacted] that he (b) (6), (b) (7)(C) [redacted] had also been advised not to discuss the case with (b) (6), (b) (7) [redacted]
29. From 1985 through December 1988, (b) (6), (b) (7) [redacted] and (b) (6), (b) (7) [redacted] had discussed different events that had taken place in the grand jury investigation in California. (b) (6), (b) (7) [redacted] would inform (b) (6), (b) (7) [redacted] that we (IRS, Department of Defense, and FBI) had contacted and had meetings with two other recruiting firms, (b) (6), (b) (7)(C) [redacted] and (b) (6), (b) (7)(C) [redacted]
30. (b) (6), (b) (7) [redacted] was questioned about a statement he made to the Postal Inspector in an interview on January 7, 1986. A sentence was read back to (b) (6), (b) (7) [redacted] which stated (b) (6), (b) (7) [redacted] said the checks to (b) (6), (b) (7) [redacted] "looks like a kickback. I never thought of it as a kickback. He referred us Texas Instruments and other businesses." (b) (6), (b) (7) [redacted] did not deny this was a true statement, (b) (6), (b) (7) [redacted] said yes (b) (6), (b) (7) [redacted] had referred TI and other businesses to EP.
31. (b) (6), (b) (7) [redacted] provided all records of EP in response to a grand jury subpoena served to (b) (6), (b) (7) [redacted]. A document receipt was prepared and given to (b) (6), (b) (7) [redacted]

(b) (6), (b) (7)(C)
[redacted]

Memorandum of Interview

In Re: (b) (6), (b) (7)(C)

C75880141H

This memorandum was prepared by me on February 7, 1989, after refreshing my memory from notes made during the interview.

(b) (6), (b) (7)(C)



MEMORANDUM OF INTERVIEW

IN RE:

(b) (6), (b) (7)(C)

C75880141H

DATE:

February 7, 1989

TIME:

1:30 p.m. - 2:15 p.m.

PLACE:

(b) (6), (b) (7)(C)

PERSONS PRESENT:

(b) (6), (b) (7)(C)

Witness

(b) (6), (b) (7)(C)

Attorney

(b) (6), (b) (7)(C)

(b) (6), (b) (7)(C)

(b) (6), (b) (7)(C)

(b) (6), (b) (7)(C)

was advised that (b) (6), (b) (7)(C)

In conjunction with that

investigation, (b) (6), (b) (7)(C)

the following information.

DR
(b) (6), (b) (7)(C)

1.

(b) (6), (b) (7)(C)

2.

(b) (6), (b) (7)(C) met (b) (6), (b) (7)(C) in the late 1970's, probably 1979. Around 1979, (b) (6), (b) (7)(C) called (b) (6), (b) (7)(C) and asked (b) (6), (b) (7)(C) and (b) (6), (b) (7)(C) to get involved in a Texas Instruments (TI) search to locate a president for the Consumer Products Division of TI. They (b) (6), (b) (7)(C) worked in conjunction with another search firm located in California, (b) (6), (b) (7)(C) in placing an individual for the position of president of Consumer Products Division. The individual ultimately placed in this position was (b) (6), (b) (7)(C)

3.

Ninety-five percent of (b) (6), (b) (7)(C) dealings with (b) (6), (b) (7)(C) were on a business basis in his (b) (6), (b) (7)(C) executive and professional searches on work for TI. Five percent of (b) (6), (b) (7)(C) dealings with (b) (6), (b) (7)(C) was on a friendship basis.

Memorandum of Interview

IN RE: (b) (6), (b) (7)(C)

C75880141H

4. (b) (6), (b) (7)(C) was the only person at TI that (b) (6), (b) (7)(C) dealt with on search assignments. (b) (6), (b) (7)(C) would always call (b) (6), (b) (7)(C) and they (b) (6), (b) (7)(C) and (b) (6), (b) (7)(C) would have a verbal or written agreement on all search assignments. (b) (6), (b) (7)(C) position at TI was (b) (6), (b) (7)(C). (b) (6), (b) (7)(C) reported to an individual at TI by the name of (b) (6), (b) (7)(C).
5. Electronics Personnel was on a retainer basis with TI throughout the years 1982, 1983, 1984, and 1985. (b) (6), (b) (7)(C) explained Electronics Personnel received a placement fee of thirty percent of the individual's starting salary. TI would pay an initial one-third of the estimated placement fee at the time they (Electronics Personnel) received the search assignment. At the end of thirty days, TI would pay a second one-third retainer fee. The last one-third portion would be paid at the completion of the search assignment.
6. Electronics Personnel's major clients during the years 1982-1985 were IT & T, Burns and Rowe, GTE, and Texas Instruments.
7. (b) (6), (b) (7)(C) (b) (6), (b) (7)(C) of the gross billings of Electronics Personnel throughout the years 1982-1985. All fees collected on search assignments went to (b) (6), (b) (7)(C) and (b) (6), (b) (7)(C) paid all expenses relating to Electronics Personnel search assignments. (b) (6), (b) (7)(C) never sent out any of the billing or received any of the payments. (b) (6), (b) (7)(C) did not have signature authority on the Electronics Personnel checking account. (b) (6), (b) (7)(C) never wrote checks or made payments from the business checking account because (b) (6), (b) (7)(C) was responsible for the payment of all expenses and the writing of all checks, as well as the receipt of all income of Electronics Personnel. (b) (6), (b) (7)(C) simply (b) (6), (b) (7)(C) of the gross billings of all search assignments received by Electronics Personnel.
8. Electronics Personnel has not done business with TI since 1985, when the investigation in California began, and they (Electronics Personnel) do not intend to deal with anyone from TI until the investigation is concluded.
9. (b) (6), (b) (7)(C) was aware of payments made by Electronics Personnel to (b) (6), (b) (7)(C) during the years 1982 through 1985. (b) (6), (b) (7)(C) knowledge of the purpose of these payments to (b) (6), (b) (7)(C) came from what (b) (6), (b) (7)(C) told him. (b) (6), (b) (7)(C) told (b) (6), (b) (7)(C) that (b) (6), (b) (7)(C) asked (b) (6), (b) (7)(C) to put in expenses (b) (6), (b) (7)(C) had incurred on (b) (6), (b) (7)(C).

Memorandum of Interview

IN RE: (b) (6), (b) (7)(C)

C75880141H

some secret projects (b) (6), (b) (7) was working on at TI. (b) (6), (b) (7) told (b) (6), (b) (7) he (b) (6), (b) (7)(C) could not get these expenses reimbursed and (b) (6), (b) (7) requested (b) (6), (b) (7) add these expenses to invoices (b) (6), (b) (7) was making to TI on search assignments. (b) (6), (b) (7)(C) assumed the individual at TI directing (b) (6), (b) (7) on these special projects was either (b) (6), (b) (7)(C) or (b) (6), (b) (7)(C).

10. (b) (6), (b) (7)(C) is not aware of what amounts were paid to (b) (6), (b) (7) and he (b) (6), (b) (7)(C) never asked (b) (6), (b) (7) how much was paid to (b) (6), (b) (7).
11. (b) (6), (b) (7) told (b) (6), (b) (7)(C) of the arrangement with (b) (6), (b) (7) for the reimbursement of expenses on these special projects after they (Electronics Personnel) completed the search assignment on the (b) (6), (b) (7)(C) (b) (6), (b) (7)(C) said his response to (b) (6), (b) (7) when (b) (6), (b) (7) told him of this arrangement was for (b) (6), (b) (7) "to do what you know how to do, it doesn't affect me."
12. (b) (6), (b) (7)(C) did not think it odd to pay (b) (6), (b) (7) because (b) (6), (b) (7) was "well respected." (b) (6), (b) (7)(C) agreed that payments to (b) (6), (b) (7)(C) were out of the ordinary, but it was his (b) (6), (b) (7)(C) understanding these payments to (b) (6), (b) (7) were for top secret work (b) (6), (b) (7) did for TI.
13. (b) (6), (b) (7)(C) stated the payments made to (b) (6), (b) (7) were for goodwill and (b) (6), (b) (7) and (b) (6), (b) (7)(C) trusted and believed what (b) (6), (b) (7) told them. (b) (6), (b) (7)(C) said they (b) (6), (b) (7)(C) did it as a convenience to him (b) (6), (b) (7)(C) to satisfy (b) (6), (b) (7)(C) projects at TI.
14. (b) (6), (b) (7)(C) explained that (b) (6), (b) (7) completely trusted (b) (6), (b) (7) and (b) (6), (b) (7) agreed to this arrangement for reimbursement of expenses to (b) (6), (b) (7) "as an accommodation to serve the client", the client being Texas Instruments, and that "it couldn't hurt to service the client." (b) (6), (b) (7)(C) further explained that satisfying (b) (6), (b) (7)(C) and TI, or the representative of TI who was (b) (6), (b) (7)(C), would be to satisfy their client in order to continue doing business.
15. (b) (6), (b) (7)(C) stated that if (b) (6), (b) (7) would have called him (b) (6), (b) (7)(C) he (b) (6), (b) (7)(C) would not have discussed the payments being made to (b) (6), (b) (7)(C); however, he (b) (6), (b) (7)(C) would have told (b) (6), (b) (7)(C) because he (b) (6), (b) (7)(C) believed (b) (6), (b) (7)(C) had instigated these special projects. (b) (6), (b) (7)(C) mentioned (b) (6), (b) (7)(C)

Memorandum of Interview

IN RE: (b) (6), (b) (7)(C)

C75880141H

16. (b) (6), (b) (7)(C) recalled on one other occasion, approximately one year after his initial discussion with (b) (6), (b) (7) about (b) (6), (b) (7) requesting payments, when (b) (6), (b) (7) told (b) (6), (b) (7)(C) that (b) (6), (b) (7) had again asked for reimbursement. (b) (6), (b) (7)(C) said it was his (b) (6), (b) (7)(C) understanding from (b) (6), (b) (7) that (b) (6), (b) (7) had informed (b) (6), (b) (7) that he (b) (6), (b) (7)(C) was doing some top secret things requested by "so and so." (b) (6), (b) (7)(C) believed the individual who directed these special projects of (b) (6), (b) (7)(C) was (b) (6), (b) (7)(C).
17. In addition to the expense reimbursement arrangement, (b) (6), (b) (7)(C) is also aware of payments made by Electronics Personnel to (b) (6), (b) (7) (b) (6), (b) (7) for consulting or finders fees. (b) (6), (b) (7) would refer to them (b) (6), (b) (7)(C) other business clients such as GTE and Electronics Personnel would pay (b) (6), (b) (7) for these referrals.
18. (b) (6), (b) (7)(C) is not aware of any businesses owned or partially owned by (b) (6), (b) (7)(C).

(b) (6), (b) (7)(C)

This memorandum was prepared by me on February 7, 1989, after refreshing my memory from notes made during the interview.

(b) (6), (b) (7)(C)

MEMORANDUM OF TELEPHONE CONVERSATION

IN RE:

(b) (6), (b) (7)(C)

C75880141H

DATE:

January 24, 1989

TIME:

9:45 a.m.

PARTY CALLING:

(b) (6), (b) (7)(C)

PARTY CALLED:

(b) (6), (b) (7)(C)

1. (b) (6), (b) (7)(C) called (b) (6), (b) (7)(C) in response to a telephone message (b) (6), (b) (7)(C) left on (b) (6), (b) (7)(C) answering machine on January 23, 1989, requesting that (b) (6), (b) (7)(C) contact (b) (6), (b) (7)(C).
2. (b) (6), (b) (7)(C) [REDACTED] assisting the United States Attorney's Office in a federal grand jury investigation involving (b) (6), (b) (7)(C) [REDACTED] and in conjunction with that grand jury investigation needed to ask him some questions. (b) (6), (b) (7)(C) informed (b) (6), (b) (7)(C) she had a grand jury subpoena for him requiring testimony as well as certain documents. (b) (6), (b) (7)(C) told (b) (6), (b) (7)(C) [REDACTED] was also assisting in this grand jury investigation.
3. (b) (6), (b) (7)(C) if (b) (6), (b) (7)(C) was the only target of the grand jury investigation at this time and (b) (6), (b) (7)(C) informed (b) (6), (b) (7)(C) this was correct and (b) (6), (b) (7)(C) needed to talk to (b) (6), (b) (7)(C) as a witness only.
4. (b) (6), (b) (7)(C) stated that both he and (b) (6), (b) (7)(C) [REDACTED], (b) (6), (b) (7)(C) had counsel and wanted their attorney present at any meeting with them. (b) (6), (b) (7)(C) [REDACTED] there was no problem with their attorney being present at the meeting; however, (b) (6), (b) (7)(C) wanted to talk to (b) (6), (b) (7)(C) [REDACTED] separately. (b) (6), (b) (7)(C) said this would be fine.
5. (b) (6), (b) (7)(C) said he and (b) (6), (b) (7)(C) [REDACTED] would meet with us, but he had to contact their attorney with the law firm of (b) (6), (b) (7)(C) [REDACTED] to schedule a time when the attorney could be present. (b) (6), (b) (7)(C) told (b) (6), (b) (7)(C) [REDACTED] he would contact the attorney immediately and would try to arrange meetings for Monday or Tuesday of next week, January 30 or 31, 1989. (b) (6), (b) (7)(C) said he would call (b) (6), (b) (7)(C) [REDACTED] back as soon as he had made contact with his attorney.

206A-276-31

SEARCHED	(b) (6)	INDEXED	(b) (6)
SERIALIZED	(b) (7)	FILED	(b) (7)(C)
(C)			

MAR 13 1989

b6 per FBI
b7C

Memorandum of Telephone Conversation
In Re: [REDACTED]

C75860141H

6. (b) (6), (b) (7)(C) stated (b) (6), (b) (7)(C) was the person at ELECTRONICS PERSONNEL who handled all the records, all of the accounting, billing, and writing of the company checks. (b) (6), (b) (7)(C) explained the records being requested by the grand jury subpoena by reading the attachment pages of the grand jury subpoena and agreed to send (b) (6), (b) (7)(C) a copy of the attachment pages so that (b) (6), (b) (7)(C) could get the records together before their meeting. (b) (6), (b) (7)(C) explained that if (b) (6), (b) (7)(C) met with the agents and provided all documents requested in the grand jury subpoena then that would preclude (b) (6), (b) (7)(C) from having to appear before the grand jury on February 22, 1989, in Fort Worth, Texas.
7. It was agreed that (b) (6), (b) (7)(C) would call (b) (6), (b) (7)(C) as soon as he talked to his attorney to confirm the meeting time and place.

(b) (6), (b) (7)(C)

[REDACTED]

This memorandum was prepared by me from memory on January 24, 1989.

(b) (6), (b) (7)(C)

[REDACTED]



DEPARTMENT OF DEFENSE INSPECTOR GENERAL
OFFICE OF ASSISTANT INSPECTOR GENERAL FOR INVESTIGATIONS
DEFENSE CRIMINAL INVESTIGATIVE SERVICE

DALLAS FIELD OFFICE
POST OFFICE BOX 6689
FORT WORTH, TEXAS 76115-0689

DCIS REPORT OF INVESTIGATIVE ACTIVITY

CONTROL : 8910023R-13-OCT-88-30DA-E8P DATE: Feb 10, 1989

TITLE : (b) (6), (b) (7)(C) [REDACTED] (b) (6), (b) (7)(C)

EMPLOYMENT: Texas Instruments (Previously)
Dallas, Texas

REPORT BY: (b) (6), (b) (7)(C)

Phone: (b) (6), (b) (7)(C) [REDACTED]

ASSIST BY: (b) (6), (b) (7)(C) [REDACTED]

MADE AT : Fort Worth, Texas

STATUS : N/A

PURPOSE : Interview of (b) (6), (b) (7)(C) [REDACTED] (b) (6), (b) (7)(C)

DETAILS :

On February 9, 1989, (b) (6), (b) (7)(C) [REDACTED] (b) (6), (b) (7)(C) interviewed [REDACTED] (b) (6), (b) (7)(C) for Texas Instruments, Inc. (TI), 13510 N. Central Expressway Dallas, TX 75243. (b) (6), (b) (7)(C) [REDACTED] (b) (6), (b) (7)(C) were also present.

(b) (6), (b) (7)(C) [REDACTED] stated he had spoken with [REDACTED] (b) (6), (b) (7)(C) Dallas, TX, concerning the method in which TI accounted for payments to several personnel companies retained by TI during 1982 through 1984 to fill high level TI positions. [REDACTED] (b) (6), (b) (7)(C) said TI is willing to "back out", or reduce by 20 percent the amounts paid to these companies which were charged either directly or indirectly through overhead to government contracts. (b) (6), (b) (7)(C) [REDACTED] (b) (6), (b) (7)(C) said any monies paid to [REDACTED], a former TI (b) (6), (b) (7)(C) [REDACTED], by personnel companies doing business with [REDACTED] (b) (6), (b) (7)(C) would certainly be less than 20 percent of the monies TI paid the personnel companies, and TI is willing to make restitution to the government in this amount.

(b) (6), (b) (7)(C) [REDACTED] was given TI invoices which documented (b) (6), (b) (7)(C) approval for payments to be made (b) (6), (b) (7)(C) [REDACTED] and (b) (6), (b) (7)(C) [REDACTED], (b) (6), (b) (7)(C) [REDACTED] (b) (6), (b) (7)(C) agreed to trace these payments in order to

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determine how much money had been charged to government contracts directly or through overhead. The TI divisions on these invoices included Division 31, Consumer Products; Division 25, Corporate Marketing (Staff); Division 03, Semi Conductor; and Division 09, Corporate Marketing. (b) (6), (b) (7) (C) explained that Division 03 could have hires attributable to overhead which would roll into government business. (b) (6), (b) (7) (C) agreed to trace these amounts to their respective accounts within the next several days.

(b) (6), (b) (7) (C) worked for (b) (6), (b) (7) (C) until (b) (6), (b) (7) (C) was a free lance recruiter for high level and difficult to fill positions within TI, although TI paid his salary and benefits. Each division which needed (b) (6), (b) (7) (C) services to fill positions within their division would contact (b) (6), (b) (7) (C) and he in turn would retain various personnel agencies who would conduct job searches. (b) (6), (b) (7) (C) and the division managers relied on (b) (6), (b) (7) (C) advice as to which companies to utilize and set up on retainer. The personnel agencies submitted their bills to (b) (6), (b) (7) (C) who had approval authority for up to \$2,500, as best as (b) (6), (b) (7) (C) could recall. If the bill was over \$2,500 (b) (6), (b) (7) (C) signed his approval and then forwarded the bill to the division manager for whom the search work was done and they signed their approval for payment. Neither (b) (6), (b) (7) (C) nor the division managers second guessed (b) (6), (b) (7) (C) decisions about which search firms were utilized, nor the amounts to be paid to the firms. If a legitimate bill from a personnel firm was received, the managers approved payment. The approving officials relied on (b) (6), (b) (7) (C) expertise in this field. (b) (6), (b) (7) (C) was knowledgeable in the personnel area and the managers trusted (b) (6), (b) (7) (C) as far as the fees were concerned.

(b) (6), (b) (7) (C) traveled as an information gatherer, attending trade association meeting and acting as a "sensor" for TI at those meetings. At times TI Corporate Division paid for (b) (6), (b) (7) (C) travel expenses relative to these types of assignments. If a particular division at TI requested that (b) (6), (b) (7) (C) attend a meeting, then that division paid for (b) (6), (b) (7) (C) travel expenses to the meeting. (b) (6), (b) (7) (C) guessed that probably five percent of (b) (6), (b) (7) (C) travel expense for these purposes was paid by the Corporate Division.

(b) (6), (b) (7) (C) traveled extensively in connection with his duties of personnel recruiting. Generally (b) (6), (b) (7) (C) travel expenses in connection with these duties were submitted to either (b) (6), (b) (7) (C) or the division manager, either of which approved the expenses. The travel expenses were charged back to each division for which the travel expense was incurred. (b) (6), (b) (7) (C) could not recall one time in which he had denied a claim for travel expense reimbursement to (b) (6), (b) (7) (C). (b) (6), (b) (7) (C) explained that excessive expenses or personal

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DATE: Feb 10, 1989

expenses would not be reimbursed, and he does not recall denying an expense reimbursement to [REDACTED] (b) (6), (b) (7)(C). Copies of all [REDACTED] (b) (6), (b) (7)(C) travel expense claim forms and receipts, including diary, were requested for the period 1982 through 1985. [REDACTED] (b) (6), (b) (7)(C) agreed to provide these records.

[REDACTED] (b) (6), (b) (7)(C) was aware of the TI policy prohibiting TI employees from accepting money or anything of value from vendors. Moonlighting was generally approved by TI when an employee informed TI of his/her intent, provided there was no conflict of interest with the employee's duties at TI. [REDACTED] (b) (6), (b) (7)(C) never contacted [REDACTED] his first line supervisor, regarding an intent to moonlight.

In late 1984, or early 1985, [REDACTED] (b) (6), (b) (7)(C) became aware of possible improprieties by [REDACTED] (b) (6), (b) (7)(C) when [REDACTED] (b) (6), (b) (7)(C) became suspicious of excessive payments TI had made to [REDACTED] (b) (6), (b) (7)(C) said the payments were in excess of what he considered reasonable for the amount of work done by the personnel company. He explained there were only three or four job placements with over \$300,000 paid in retainer fees. [REDACTED] (b) (6), (b) (7)(C) were advised by letter from TI that TI would no longer use their services. The job searches in progress were allowed to be completed, but no future retainers were made.

[REDACTED] (b) (6), (b) (7)(C) was confronted with the allegation of improprieties, and he admitted to [REDACTED] (b) (6), (b) (7)(C) he had been paid by these personnel companies for work he had done for them from time to time. [REDACTED] (b) (6), (b) (7)(C) told [REDACTED] (b) (6), (b) (7)(C) he had helped to set up an office for one of the personnel companies and he had given pointers on recruiting to [REDACTED] (b) (6), (b) (7)(C) said the agencies of [REDACTED] (b) (6), (b) (7)(C) were used pretty exclusively by [REDACTED] (b) (6), (b) (7)(C) for TI recruiting. This, coupled with the excessive payments to these companies considering the number of placements actually made, led [REDACTED] (b) (6), (b) (7)(C) to offer [REDACTED] (b) (6), (b) (7)(C) immediate retirement from TI. [REDACTED] (b) (6), (b) (7)(C) said [REDACTED] (b) (6), (b) (7)(C) retirement was not a choice offered [REDACTED] (b) (6), (b) (7)(C) [REDACTED] (b) (6), (b) (7)(C)

After [REDACTED] (b) (6), (b) (7)(C) left the interview, the address and social security number for [REDACTED] (b) (6), (b) (7)(C) and [REDACTED] (b) (6), (b) (7)(C) were requested from [REDACTED] (b) (6), (b) (7)(C). Additional photocopies of TI invoices bearing [REDACTED] (b) (6), (b) (7)(C) signature of approval for payments to the personnel agencies will be provided to [REDACTED] (b) (6), (b) (7)(C) [REDACTED] (b) (6), (b) (7)(C) agreed during the interview to check these additional invoices for government contract charge backs.

(AGENT'S NOTE: Photocopies of the additional TI invoices were provided to [REDACTED] (b) (6), (b) (7)(C) on February 10, 1989. [REDACTED] (b) (6), (b) (7)(C) provided the following information; [REDACTED] (b) (6), (b) (7)(C) [REDACTED] (b) (6), (b) (7)(C) and [REDACTED] (b) (6), (b) (7)(C)

[REDACTED]
(b) (6), (b) (7)(C)
[REDACTED]

[REDACTED] (b) (6), (b) (7)(C)

APPR: [REDACTED]

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DEPARTMENT OF DEFENSE INSPECTOR GENERAL
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DALLAS FIELD OFFICE
POST OFFICE BOX 6689
FORT WORTH, TEXAS 76115-0689

8910023R-13-OCT-88-30DA-E8P

May 9, 1989

(b) (6), (b) (7)(C)

INTERVIEW OF [REDACTED] (b) (6), (b) (7)(C)
1989, [REDACTED] (b) (6), (b) (7)(C) Office of Government Affairs Representative, Texas
Instruments, Inc. (TI), and [REDACTED] (b) (6), (b) (7)(C) TI Corporate Counsel.

[REDACTED] (b) (6), (b) (7)(C) explained that for the years 1983, and forward,
there has been no overhead rate agreement for TI Division 01.
Payments to personnel firms [REDACTED] (b) (6), (b) (7)(C) were often
charged to TI Divisions 09, 14, and 25. A percentage of General
and Administrative expenses from these divisions were allocated
to Division 01. Following TI's discovery of [REDACTED] (b) (6), (b) (7)(C)
improprieties, TI elected to reverse out the expenses from TI's
books. [REDACTED] (b) (6), (b) (7)(C) stated that the 1984 personnel expenses would
have impacted the Forward Pricing Rate Agreement which would have
affected the contracts following. Division 03, Semi-Conductor
Division, had the overhead rate calculated based on the sums paid
the personnel companies which would have in turn impacted
government contracts.

[REDACTED] (b) (6), (b) (7)(C) will review TI records to identify the discrepancy
between the Division 31 charges reflected on certain TI check
stubs with the same expenses shown as Division 25 charges on TI
Request for Check forms. [REDACTED] (b) (6), (b) (7)(C) agreed to identify government
contracts, and provide copies of the face of these contracts, in
which the amounts paid to the personnel companies were included
in the overhead rates on these contracts.

Prepared by [REDACTED] (b) (6), (b) (7)(C)

(b) (6), (b) (7)(C)

APPR: [REDACTED]

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8910023R-13-OCT-88-30DA-E8P

April 25, 1990

(b) (6), (b) (7)(C)

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SUPPLEMENTAL REPORT/DEBARMENT: On March 22, 1990, (b) (6), (b) (7)(C) was notified by (b) (6), (b) (7)(C) Special Assistant for Contracting Integrity, Defense Logistics Agency (DLA), that he has been debarred from Government contracting effective immediately and continuing through February 8, 1993.

Attachment

(1) Memorandum of Decision on the Proposed Debarment of

(b) (6), (b) (7)(C)

(b) (6), (b) (7)(C)

Prepared by (b) (6), (b) (7)(C) Dallas Field Office
DISTR: 0003/IRS, Fort Worth, TX/FBI, Dallas, TX APPR: (b) (6), (b) (7)(C)

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